

32 (f) This Ordinance is substantially in the forms of the Revenue Bond
33 Ordinances, with changes to reflect the terms and conditions of sale of the bonds
34 authorized by this Ordinance.

35 (g) Council by separate ordinance will authorize the issuance of a
36 separate series of Revenue Bonds on parity with the Currently Outstanding
37 Revenue Bonds and the bonds authorized by this Ordinance.

38 (h) Council finds that sufficient written notice of the date, hour, place,
39 and subject of the council meeting at which this Ordinance was adopted was
40 posted at a place convenient and readily accessible at all times to the general
41 public at the City Hall of the City for the time required by law preceding this
42 meeting, as required by the Open Meetings Law, Chapter 551, Texas
43 Government Code, and that this meeting has been open to the public as required
44 by law at all times during which this Ordinance has been discussed, considered,
45 and formally acted upon. Council further ratifies, approves and confirms the
46 written notice and the contents and posting of the meeting notice.

47 (i) The table of contents, titles, and headings of the articles and sections
48 of this Ordinance have been provided for convenience of reference only and are
49 not considered to be a part of this Ordinance and shall never be considered or
50 given any effect in interpreting this Ordinance or in determining intent, if any
51 question of intent arises.

52 ***ARTICLE TWO***

53 ***DEFINITIONS***

54 Section 2.01. **DEFINITIONS.** Unless otherwise expressly provided or
55 unless the context otherwise requires, the terms defined in this Section for all
56 purposes of this Ordinance, and any ordinance amending or supplementing this
57 Ordinance, shall have the meanings stated below:

58 "Additional Revenue Bonds" means the additional parity Revenue Bonds
59 permitted to be issued by the City pursuant to Section 6.01 of this Ordinance.

60 "Administrative Expense Fund" means the fund by that name established
61 in Section 5.04(d) of this Ordinance.

62 "Administrative Expenses" means the fees, expenses, and indemnification
63 liabilities payable to the Persons to whom fees and expenses are due and owing
64 in connection with the Revenue Bonds, and Credit Agreement Obligations

65 incurred in connection with a related series of Revenue Bonds, including but not
66 limited to the fees and expenses of the Paying Agent/Registrars, the Credit
67 Providers, the rebate analysts, the remarketing agents and the tender agents, and
68 of which the City is given actual notice at least 30 days prior to the date payment
69 of these amounts is due.

70 "Airport" means the air carrier airport developed, constructed and
71 operated by the City pursuant to the city-wide election held within the City on
72 May 1, 1993, and designated as the Austin-Bergstrom International Airport
73 (ABIA).

74 "Airport Consultant" means a nationally recognized independent firm,
75 person or corporation having a widely known and favorable reputation for
76 special skill, knowledge, and experience in methods of developing, operating
77 and financing airports of approximately the same size as the properties
78 constituting the Airport System.

79 "Airport System" means all or any interest in airport, heliport and aviation
80 facilities, now or from time to time owned, operated or controlled in whole or in
81 part by the City, including the Airport, together with all properties, facilities, and
82 services of the Airport, and all additions, extensions, replacements and
83 improvements to the Airport, and all services currently provided, or to be
84 provided, by the City in connection with the Airport, but expressly excluding (i)
85 any heliport or heliports operated by City departments other than the Aviation
86 Department, (ii) the Austin consolidated rental car facility, financed by the
87 issuance of City of Austin, Texas Rental Car Special Facility Revenue Bonds,
88 Taxable Series 2013, as Special Facilities, and (iii) the Mueller Airport Property.

89 "Authorized Denominations" means \$5,000 and integral multiples of
90 \$5,000.

91 "Authorized Officer" means the City Manager of the City and the Chief
92 Financial Officer of the City, the City Treasurer, or any Assistant City Manager
93 authorized by the City Manager to sign documents on his or her behalf.

94 "Aviation Director" means the Executive Director of the City's
95 Department of Aviation, or any successor or person acting in that capacity.

96 "Bond Insurer" or "Insurer" means Assured Guaranty Municipal Corp.
97 (the successor to Financial Security Assurance Inc., a New York stock insurance
98 company), or any successor to or assignee of Assured Guaranty Municipal Corp.

99 "Bond Purchase Agreement" means the bond purchase agreement
100 between the City and the Underwriters, relating to the sale and delivery of the
101 Bonds, in substantially the form approved by Council in the sale of obligations
102 to underwriters in a negotiated sale.

103 "Bonds" means the City of Austin, Texas, Airport System Revenue
104 Bonds, Series 2017B (AMT), authorized by this Ordinance.

105 "Business Day" means any day other than a Saturday, Sunday or legal
106 holiday or other day on which banking institutions in the City, or in the City
107 where the Designated Payment/Transfer Office of the Paying Agent/Registrar is
108 located, are generally authorized or obligated by law or executive order to close.

109 "Capital Fund" means the fund designated in Section 5.04 of this
110 Ordinance.

111 "Capitalized Interest Account" means the account designated in Section
112 5.15(c) of this Ordinance.

113 "Chapter 9" means Chapter 9, Texas Business & Commerce Code.

114 "Chapter 22" means Chapter 22, Texas Transportation Code.

115 "Chapter 1208" means Chapter 1208, Texas Government Code.

116 "Chapter 1371" means Chapter 1371, Texas Government Code.

117 "City" means the City of Austin, Texas, and, where appropriate, council,
118 or any successor as owner and operator of the Airport System.

119 "Code" means the Internal Revenue Code of 1986.

120 "Concurrent Bonds" means the City of Austin, Texas, Airport System
121 Revenue Bonds, Series 2017A, authorized by the Concurrent Ordinance.

122 "Concurrent Ordinance" means the ordinance adopted concurrently with
123 this Ordinance, and all amendments and supplements to the ordinance,
124 authorizing the issuance of the Concurrent Bonds.

125 "Construction Fund" means the fund designated in Section 5.04(g) of this
126 Ordinance.

127 "Credit Agreement" means (i) any agreement of the City entered into in
128 connection with and for the purpose of (A) enhancing or supporting the

129 creditworthiness of a series of Revenue Bonds or (B) providing liquidity with
130 respect to Revenue Bonds which by their terms are subject to tender for
131 purchase, and which, by its terms, creates a liability on the part of the City on a
132 parity with the Revenue Bonds to which it relates, and (ii) a Swap Agreement. A
133 determination by the City that an agreement constitutes a Credit Agreement
134 under this definition shall be conclusive as against all Owners.

135 "Credit Agreement Obligations" means any amounts payable by the City
136 under and pursuant to a Credit Agreement other than amounts payable as an
137 Administrative Expense.

138 "Credit Provider" means the issuer or provider of a Credit Agreement.

139 "Currently Outstanding Revenue Bonds" means the Series 2005 Bonds,
140 the Series 2013 Bonds, the Series 2013A Bonds and the Series 2014 Bonds.

141 "Debt Service" means (i) with respect to a series of Revenue Bonds, an
142 amount equal to the Principal Installment, redemption premium, if any, and
143 interest on such Revenue Bonds, (ii) with respect to a Credit Agreement other
144 than a Swap Agreement, amounts payable as Credit Agreement Obligations, and
145 (iii) with respect to a Swap Agreement, regularly scheduled amounts payable by
146 the City under a Swap Agreement, so long as the counterparty is not in default
147 (specifically excluding Termination Payments, which shall constitute
148 Subordinate Obligations).

149 "Debt Service Fund" means the fund designated in Section 5.04(b) of this
150 Ordinance established with respect to the Revenue Bonds.

151 "Debt Service Requirements" means for any particular period of time, an
152 amount equal to the sum of the following for such period with respect to all or
153 any portion of Revenue Bonds or Credit Agreement Obligations, as applicable,
154 then Outstanding:

155 (a) That portion of interest which would accrue with respect to Revenue
156 Bonds during such period if interest were deemed to accrue only during the six
157 month period prior to its payment (12 month period in the case of capital
158 appreciation or compound interest bonds), plus

159 (b) That portion of the principal amount of Revenue Bonds which would
160 accrue during such period if principal were deemed to accrue only during the 12
161 month period prior to its scheduled payment date (either at maturity or by

162 reason of scheduled mandatory redemptions, but after taking into account all
163 prior optional and mandatory Revenue Bond redemptions),

164 less and except any such interest or principal for the payment of which provision
165 has been made by: (i) appropriating for such purpose amounts sufficient to
166 provide for the full and timely payment of such interest or principal either from
167 proceeds of bonds, from interest earned or to be earned thereon, from Airport
168 System funds other than Net Revenues, or from any combination of such
169 sources; and (ii) depositing such amounts (except in the case of interest to be
170 earned, which shall be deposited as received) into a dedicated fund or account
171 (including, without limitation, the Capitalized Interest Account), the proceeds of
172 which are required to be transferred as needed into the Debt Service Fund, or
173 directly to the Paying Agent/Registrar for the Revenue Bonds.

174 For purposes of calculating Debt Service Requirements, in making
175 estimates as to interest accrued or to accrue on Variable Rate Bonds, the actual
176 interest rate shall be used to the extent known or ascertainable and to the extent
177 unknown and not ascertainable, the Maximum Interest Rate shall be used;
178 provided, however, that to the extent Variable Rate Bonds are subject to a Swap
179 Agreement, the fixed rate that is effective with respect to such Variable Rate
180 Bonds pursuant to such Swap Agreement shall be used.

181 "Debt Service Reserve Fund" means the fund designated and established
182 in Section 5.04(c) of this Ordinance with respect to the Revenue Bonds.

183 "Debt Service Reserve Fund Requirement" means the amount required to
184 be maintained in the Debt Service Reserve Fund. This amount shall be
185 computed and recomputed annually as a part of the City's budget process and
186 upon the issuance of each series of Revenue Bonds to be the arithmetic average
187 of the Debt Service Requirements scheduled to occur in the then current and
188 each future Fiscal Year for all Revenue Bonds then Outstanding including the
189 series of Revenue Bonds then being issued. In no event, however, will the
190 amount deposited in the Debt Service Reserve Fund that is allocable to the
191 Revenue Bonds or Additional Revenue Bonds, in accordance with section
192 1.148-6 of the regulations promulgated under the Code, exceed the least of: (a)
193 10% of the stated principal amount of each issue of which the Revenue Bonds or
194 Additional Revenue Bonds are a part; (b) the maximum annual principal and
195 interest requirements of the issue; or (c) 125% of the average annual principal
196 and interest requirements of the issue, unless there is received an opinion of
197 nationally recognized bond counsel to the effect that the additional amount will

198 not cause the Revenue Bonds and any Additional Revenue Bonds to be
199 "arbitrage bonds" within the meaning of section 148 of the Code and the related
200 regulations promulgated from time to time.

201 "Debt Service Reserve Fund Surety Bond" means any surety bond or
202 insurance policy having a rating in the highest respective rating categories by
203 Moody's and Standard & Poor's issued to the City for the benefit of the Owners
204 of the Revenue Bonds to satisfy any part of the Debt Service Reserve Fund
205 Requirement as provided in Section 5.07 of this Ordinance.

206 "Defeasance Obligations" means: (i) direct, noncallable obligations of the
207 United States of America, including obligations that are unconditionally
208 guaranteed by the United States; (ii) noncallable obligations of an agency or
209 instrumentality of the United States of America, including obligations that are
210 unconditionally guaranteed or insured by the agency or instrumentality and that,
211 on the date of their purchase, are rated as to investment quality by a nationally
212 recognized investment rating firm not less than "AAA" or its equivalent; and
213 (iii) noncallable obligations of a state or an agency or a county, municipality, or
214 other political subdivision of a state that have been refunded and that, on the
215 date council adopts or approves the proceedings authorizing the financial
216 arrangements, are rated as to investment quality by a nationally recognized
217 investment rating firm not less than "AAA" or its equivalent.

218 "Designated Payment/Transfer Office" means (i) with respect to the initial
219 Paying Agent/Registrar named in Section 8.01 of this Ordinance, its corporate
220 trust office in Plano, Texas, and (ii) with respect to any successor Paying
221 Agent/Registrar, the office of the successor designated and located as may be
222 agreed upon by the City and the successor.

223 "DTC" means The Depository Trust Company, New York, New York,
224 and its successors and assigns.

225 "DTC Participant" means the securities brokers, dealers, banks, trust
226 companies, clearing corporations and certain other organizations on whose
227 behalf DTC was created to hold securities to facilitate the clearance and
228 settlement of securities transactions among DTC Participants.

229 "Federal Payments" means those funds received by the Airport System
230 from the federal government or any agency of the federal government as
231 payments for the use of any facilities or services of the Airport System.

232 "Fiscal Year" means the City's fiscal year as from time to time designated
233 by the City, which is currently October 1 to September 30.

234 "General Obligation Airport Bonds" means those bonds or other
235 obligations of the City secured by a levy of ad valorem taxes from time to time
236 issued or to be issued by the City for Airport System purposes.

237 "Gross Revenues" means all income and revenues derived directly or
238 indirectly by the City from the operation and use of and otherwise pertaining to
239 all or any part of the Airport System, whether resulting from extensions,
240 enlargements, repairs, betterments or other improvements to the Airport
241 System, or otherwise, and includes, except to the extent expressly excluded
242 below, all revenues received by the City from the Airport System, including,
243 without limitation, all rentals, rates, fees and other charges for the use of the
244 Airport System, or for any service rendered by the City in the operation of the
245 Airport System, interest and other income realized from the investment or
246 deposit of amounts required to be transferred or credited to the Revenue Fund.
247 Gross Revenues expressly excludes:

- 248 (a) proceeds of any Revenue Bonds and Subordinate Obligations;
- 249 (b) interest or other investment income derived from proceeds of Revenue
250 Bonds and Subordinate Obligations deposited to the credit of a
251 construction fund, and all other interest or investment income not
252 required to be transferred or credited to the Revenue Fund;
- 253 (c) any monies received as grants, appropriations, or gifts, the use of
254 which is limited by the grantor or donor to the construction or
255 acquisition of Airport System facilities, except to the extent any such
256 monies shall be received as payments for the use of the Airport
257 System facilities;
- 258 (d) any revenues derived from any Special Facilities (e.g., customer
259 facility charges) which are pledged to the payment of Special
260 Facilities Bonds;
- 261 (e) insurance proceeds other than loss of use or business interruption
262 insurance proceeds;
- 263 (f) the proceeds of the passenger facility charge (PFC) currently imposed
264 by the City and any other per-passenger charge as may be lawfully
265 authorized;

- 266 (g) sales and other taxes collected by the Airport System on behalf of the
267 State of Texas and any other taxing entities;
- 268 (h) Federal Payments received by the Airport System unless the City first
269 receives an opinion from nationally recognized bond counsel to the
270 effect that the payments, if included in Gross Revenues, would not
271 cause the interest on the Bonds to be includable within the gross
272 income of the Owners of the Bonds for federal income tax purposes;
- 273 (i) the proceeds received by the City from the sale or other disposition of
274 Airport System property, except amounts representing interest or
275 finance charges in a deferred sale or other similar method of
276 conveyance where a portion of the sale price is payable on a deferred
277 basis, in which case any interest or finance charges shall be
278 considered Gross Revenues; and
- 279 (j) Other Available Funds transferred to the Revenue Fund as provided in
280 this Ordinance.

281 "Initial Bonds" means the Initial Bonds authorized by Section 3.06 of this
282 Ordinance.

283 "Interest Payment Date" means each May 15 and November 15,
284 commencing May 15, 2017, until maturity or prior redemption of the Bonds.

285 "Minimum Capital Reserve" means an amount, designated by the
286 Aviation Director not less frequently than annually at the end of each Fiscal
287 Year, but in any event not more than \$100,000 each Fiscal Year, necessary to
288 accumulate or to re-accumulate in the Capital Fund a reserve in an amount not
289 less than \$1,000,000.

290 "Moody's" means Moody's Investors Service, Inc., its successors and
291 assigns, and if this corporation shall for any reason no longer perform the
292 functions of a securities rating agency, "Moody's" shall refer to any other
293 nationally recognized securities rating agency designated by the City.

294 "MSRB" means the Municipal Securities Rulemaking Board.

295 "Mueller Airport Property" means the property and facilities that
296 comprised the former Robert Mueller Municipal Airport, located within the
297 City. The Mueller Airport Property is not part of the Airport System.

298 "Net Revenues" means that portion of the Gross Revenues remaining after
299 the deduction of the Operation and Maintenance Expenses of the Airport
300 System.

301 "Operation and Maintenance Expenses" means all reasonable and
302 necessary current expenses of the City, paid or accrued, of operating,
303 maintaining and repairing the Airport System, including, without limitation,
304 those reasonably allocated City overhead expenses relating to the administration,
305 operation and maintenance of the Airport System; insurance and fidelity bond
306 premiums; payments to pension and other funds and to any self-insurance fund;
307 any general and excise taxes or other governmental charges imposed by entities
308 other than the City; any required rebate of any portion of interest income to the
309 federal government which is payable from Gross Revenues or the Revenue
310 Fund; costs of contractual and professional services, labor, materials and
311 supplies for current operations, including the costs of direct City services
312 rendered to the Airport System as are requested from the City by the Airport
313 System and as are reasonably necessary for the operation of the Airport System;
314 costs of issuance of Revenue Bonds and Subordinate Obligations for the Airport
315 System (except to the extent paid from the proceeds); fiduciary costs; costs of
316 collecting and refunding Gross Revenues; utility costs; any lawful refunds of
317 any Gross Revenues; and all other administrative, general and commercial
318 expenses, but excluding:

- 319 (a) any allowance for depreciation;
- 320 (b) costs of capital improvements;
- 321 (c) reserves for major capital improvements, Airport System operations,
322 maintenance or repair;
- 323 (d) any allowance for redemption of, or payment of interest or premium
324 on, Revenue Bonds and Subordinate Obligations;
- 325 (e) any liabilities incurred in acquiring or improving properties of the
326 Airport System;
- 327 (f) expenses of lessees under Special Facilities Leases and operation and
328 maintenance expenses pertaining to Special Facilities to the extent
329 they are required to be paid by such lessees pursuant to the terms of
330 the Special Facilities Leases;

- 331 (g) any charges or obligations incurred in connection with any lawful
332 Airport System purpose, including the lease, acquisition, operation or
333 maintenance of any facility or property benefiting the Airport System,
334 provided that the payment of such charges or obligations is expressly
335 agreed by the payee to be payable solely from proceeds of the Capital
336 Fund;
- 337 (h) liabilities based upon the City's negligence or other ground not based
338 on contract; and
- 339 (i) so long as Federal Payments are excluded from Gross Revenues, an
340 amount of expenses that would otherwise constitute Operation and
341 Maintenance Expenses for such period equal to the Federal Payments
342 for such period.

343 "Operation and Maintenance Reserve Fund" means the fund designated
344 and established in Section 5.04(a) of this Ordinance.

345 "Ordinance" means this ordinance and all amendments and supplements
346 to this ordinance.

347 "Other Available Funds" means any amount of unencumbered funds
348 accumulated in the Capital Fund in excess of the Minimum Capital Reserve
349 which, before the beginning of any Fiscal Year, are designated by the City as
350 Other Available Funds and transferred at the beginning of such Fiscal Year to
351 the Revenue Fund; but in no event may this amount exceed 25% of the Debt
352 Service Requirements for the Revenue Bonds for such Fiscal Year for purposes
353 of Sections 5.03 and 6.01 of this Ordinance.

354 "Outstanding" when used with reference to any Revenue Bonds or
355 Subordinate Obligations, means, as of a particular date, all those Revenue Bonds
356 or Subordinate Obligations delivered except: (a) any obligation paid, discharged,
357 or cancelled by or on behalf of the City at or before that date; (b) any obligation
358 defeased pursuant to the defeasance provisions of the ordinance authorizing its
359 issuance, or otherwise defeased as permitted by applicable law; and (c) any
360 obligation in lieu of or in substitution for which another obligation was delivered
361 pursuant to the ordinance authorizing the issuance of the obligation.

362 "Owner" or "Registered Owner," when used with respect to any Revenue
363 Bond means the person or entity in whose name the Revenue Bond is registered
364 in the Register. Any reference to a particular percentage or proportion of the

365 Owners means the Owners at a particular time of the specified percentage or
366 proportion in aggregate principal amount of all Revenue Bonds then
367 Outstanding under this Ordinance.

368 "Paying Agent/Registrar" initially means, for the Bonds, the entity named
369 in Section 8.01 and its successors in that capacity.

370 "Person" means any individual, corporation, partnership, limited liability
371 company, joint venture, association, joint-stock company, trust, unincorporated
372 organization or government or any agency or political subdivision of the
373 government.

374 "Principal Installment" means, with respect to Revenue Bonds or a series
375 of Revenue Bonds, any amounts, including any mandatory sinking fund
376 installments, which are stated to be due or required to be made on or with
377 respect to a Revenue Bond or series of Revenue Bonds, which, when made,
378 would reduce the amount of the Revenue Bond or series of Revenue Bonds that
379 remain Outstanding or would retire and pay the same in full.

380 "Qualified Put" means any agreement, however denominated, provided by
381 a qualifying financial institution (as described in the next sentence) which
382 contractually commits to purchase, upon no more than seven days' notice, for
383 not less than a stated price any class or amount of investment securities or other
384 authorized investments of the City at any time that such investment securities or
385 investments must be liquidated in order to make cash transfers from the fund or
386 account that holds such investments. A Qualified Put may be entered into only
387 with a qualifying financial institution which is (a) a domestic bank the long-term
388 debt of which is rated at least "AA" by Standard & Poor's and "Aa" by Moody's,
389 or (b) a foreign bank the long-term debt of which is rated "AAA" by Standard &
390 Poor's and at least "Aa" by Moody's , or at least "AA" by Standard & Poor's and
391 "Aaa" by Moody's , or (c) a financial institution the long-term debt of which is
392 rated at least "A" by both Standard & Poor's and Moody's and agrees to
393 collateralize its obligations under such agreement by lodging with a third party
394 trustee, escrow agent, custodian or other financial third party direct obligations
395 of the United States of America or its agencies with a market value equal to
396 102% of the difference between the face amount of its purchase obligation under
397 the agreement and the market value of the investment securities to which the
398 agreement relates (based upon periodic market valuations at least monthly). A
399 Qualified Put may be integrated into any investment authorized under Texas
400 law, such as a repurchase agreement.

401 "Record Date" shall have the meaning assigned in the FORM OF BONDS
402 (Exhibit A to this Ordinance).

403 "Refunding Revenue Bonds" mean one or more series of bonds or other
404 evidences of indebtedness issued by the City for the purpose of: (i) refunding
405 Outstanding Revenue Bonds or Credit Agreement Obligations; or (ii) to provide
406 for the payment of a Termination Payment.

407 "Register" means the books of registration kept by the Paying
408 Agent/Registrar in which are maintained the names and addresses of and the
409 principal amounts registered to each Owner.

410 "Related Document" means any transaction document relating to this
411 Ordinance or the Bonds, including any related underlying security agreement.

412 "Renewal and Replacement Fund" means the fund designated in Section
413 5.04(e) of this Ordinance.

414 "Renewal and Replacement Fund Requirement" means the amount
415 required to be maintained in the Renewal and Replacement Fund pursuant to
416 Article Five, or any greater amount required by any ordinance authorizing any
417 series of Additional Revenue Bonds.

418 "Representative of the Underwriters" means RBC Capital Markets, LLC,
419 designated by the Underwriters in the Bond Purchase Agreement to act as their
420 representative.

421 "Revenue Bond Ordinances" means the Series 2005 Bond Ordinance, the
422 Series 2013 Bond Ordinance, the Series 2013A Bond Ordinance, the Series
423 2014 Bond Ordinance, this Ordinance, the Concurrent Ordinance and any
424 ordinances pursuant to which Additional Revenue Bonds are issued.

425 "Revenue Bonds" means the Currently Outstanding Revenue Bonds, the
426 Bonds, the Concurrent Bonds, and each series of bonds, notes or other
427 obligations, other than Credit Agreement Obligations, which the City has
428 reserved the right to issue or incur from time to time pursuant to Section 6.01,
429 payable from and secured by a first lien on and pledge of Net Revenues.

430 "Revenue Fund" means the fund designated in Section 5.04(a).

431 "Rule" means SEC Rule 15c2-12.

432 "SEC" means the United States Securities and Exchange Commission.

433 "Series 2005 Bond Ordinance" means the ordinance of the City adopted
434 by council on August 4, 2005, authorizing the issuance of the Series 2005
435 Bonds, and all amendments to the ordinance adopted by council after August 4,
436 2005.

437 "Series 2005 Bonds" means the City of Austin, Texas, Airport System
438 Refunding Revenue Bonds, Series 2005 (AMT), outstanding, as of November 1,
439 2016, in the aggregate principal amount of \$198,750,000.

440 "Series 2013 Bond Ordinance" means the ordinance of the City adopted
441 by council on May 9, 2013, authorizing the issuance of the Series 2013 Bonds,
442 and all amendments to the ordinance adopted by council after May 9, 2013.

443 "Series 2013 Bonds" means the City of Austin, Texas, Airport System
444 Revenue Bonds, Series 2013, outstanding, as of November 1, 2016, in the
445 aggregate principal amount of \$60,000,000.

446 "Series 2013A Bond Ordinance" means the ordinance of the City adopted
447 by Council on September 26, 2013, authorizing the issuance of the Series 2013A
448 Bonds, and all amendments to the ordinance adopted by Council after
449 September 26, 2013.

450 "Series 2013A Bonds" means the City of Austin, Texas, Airport System
451 Revenue Refunding Bonds, Series 2013A, outstanding, as of November 1, 2016,
452 in the aggregate principal amount of \$35,014,000.

453 "Series 2014 Bond Ordinance" means the ordinance of the City adopted
454 by council on November 20, 2014, authorizing the issuance of the Series 2014
455 Bonds, and all amendments to the ordinance adopted by council after November
456 20, 2014.

457 "Series 2014 Bonds" means the City of Austin, Texas, Airport System
458 Revenue Bonds, Series 2014 (AMT), outstanding, as of November 1, 2016, in
459 the aggregate principal amount of \$244,495,000.

460 "Special Facilities" means structures, hangars, aircraft overhaul,
461 maintenance or repair shops, heliports, hotels, storage facilities, garages, inflight
462 kitchens, training facilities and any and all other facilities and appurtenances
463 being a part of, or related to, the Airport System, the cost of the construction or
464 other acquisition of which is financed with the proceeds of Special Facilities
465 Bonds.

466 "Special Facilities Bonds" means those bonds previously issued or from
467 time to time issued by the City after the date of this Ordinance pursuant to
468 Section 6.04 of this Ordinance.

469 "Special Facilities Lease" means any lease or agreement pursuant to
470 which a Special Facility is leased by the City to the lessee in consideration for
471 which the lessee agrees to pay (i) all debt service on the Special Facilities Bonds
472 issued to finance the Special Facility (which payments are pledged to secure the
473 Special Facilities Bonds) and (ii) the operation and maintenance expenses of the
474 Special Facility.

475 "Standard & Poor's" or "S&P" means S&P Global Ratings, a Standard &
476 Poor's Financial Services LLC business, its successors and assigns, and if this
477 entity shall for any reason no longer perform the functions of a securities rating
478 agency, "Standard & Poor's" and "S&P" shall refer to any other nationally
479 recognized securities rating agency designated by the City.

480 "Subordinate Obligations" means each series of bonds, notes, or other
481 obligations, including reimbursement obligations and obligations pursuant to
482 credit agreements and interest rate hedges, which the City has reserved the right
483 to issue or incur from time to time pursuant to Section 6.03 as Subordinate
484 Obligations secured in whole or in part by liens on the Net Revenues that are
485 junior and subordinate to the lien on Net Revenues securing payment of the
486 Revenue Bonds.

487 "Swap Agreement" means a Credit Agreement, approved (if required) in
488 writing by the Bond Insurer, with respect to a series of Revenue Bonds pursuant
489 to which the City has entered into an interest rate exchange agreement or other
490 interest rate hedge agreement for the purpose of converting in whole or in part
491 the City's fixed or variable interest rate liability on all or a portion of the
492 Revenue Bonds to a fixed or variable rate liability (including converting a
493 variable rate liability to a different variable rate liability). For the purpose of this
494 definition, a counterparty is not qualified unless it holds, on the date of
495 execution of a Swap Agreement, a current rating by at least two of the following
496 three rating agencies: Moody's, and by Standard & Poor's, and by Fitch Ratings,
497 or their respective successors, at least equal to the rating of each such rating
498 agency assigned to the Revenue Bonds without reference to any Credit
499 Agreement. The "Series 2005 Swap Agreement" previously executed and
500 delivered by the City with respect to the Series 2005 Bonds constitutes a Swap
501 Agreement.

502 "Termination Payment" means an amount owed by the City to a
503 counterparty pursuant to a Swap Agreement incurred in connection with the
504 termination of the Swap Agreement and which, on the date of execution of the
505 Swap Agreement, is not an amount representing a regularly scheduled payment
506 under the Swap Agreement. "Termination Payment" shall not include any
507 amount representing an Administrative Expense.

508 "Treasury Regulations" means all applicable temporary, proposed and
509 final regulations and procedures promulgated under the Code or promulgated
510 under the Internal Revenue Code of 1954, to the extent applicable to the Code.

511 "Underwriters" means, with respect to the Bonds, the entities designated
512 in the Bond Purchase Agreement as the underwriters of the Bonds.

513 "Variable Rate" means an interest rate borne by the Revenue Bonds that is
514 reset from time to time.

515 "Variable Rate Bonds" means Revenue Bonds which bear a Variable
516 Rate.

517 Section 2.02 **INTERPRETATIONS.** All terms defined and all pronouns
518 used in this Ordinance shall apply equally to singular and plural and to all
519 genders. The titles and headings of the articles and sections of this Ordinance
520 have been inserted for convenience of reference only and are not to be
521 considered a part of this Ordinance and shall not in any way modify or restrict
522 any of the terms or provisions of this Ordinance. References to any article or
523 section shall refer to the article or section contained in this Ordinance.
524 References to FORM OF BONDS refer to the form of the Bonds set forth in
525 Exhibit A to this Ordinance. References to any constitutional, statutory or
526 regulatory provision shall include the provision as it exists on the date this
527 Ordinance is adopted and any future amendments to or successor provisions of
528 the provision. References to a City official means the Person acting in that
529 capacity, whether on either an interim or a permanent basis. This Ordinance and
530 all of its terms and provisions shall be liberally construed to effectuate the
531 purposes set forth in this Ordinance and to sustain the validity of the Revenue
532 Bonds, the Credit Agreement Obligations and the Administrative Expenses and
533 the validity of the lien on and pledge of the Net Revenues to secure their
534 payment. A finding or determination made by an Authorized Officer acting
535 under the authority delegated by this Ordinance with respect to all matters
536 relating to the issuance and sale of the Bonds shall have the same force and
537 effect as a finding or determination made by council. If the Concurrent Bonds

538 are not issued, references to Concurrent Bonds and Concurrent Ordinance in this
539 Ordinance have no effect.

540 ***ARTICLE THREE***

541 ***TERMS OF THE BONDS***

542 Section 3.01 **AUTHORIZATION.** The Bonds shall be known and
543 designated as CITY OF AUSTIN, TEXAS, AIRPORT SYSTEM REVENUE
544 BONDS, SERIES 2017B (AMT). The Bonds are authorized to be issued and
545 delivered pursuant to the authority of Chapter 22 and Chapter 1371 and all other
546 applicable law. The Bonds shall be issued in an aggregate principal amount not
547 to exceed \$160,000,000 for the purpose of (i) planning, acquiring, establishing,
548 constructing, improving or equipping the Airport, in accordance with Chapter
549 22, (ii) depositing funds to the credit of the Capitalized Interest Account and the
550 Debt Service Reserve Fund as provided in this Ordinance, and (iii) paying the
551 costs of issuance of the Bonds.

552 Section 3.02 **INTEREST AND MATURITIES.** The Bonds shall be
553 dated the date set forth in the Bond Purchase Agreement. The Bonds shall be
554 issued in fully registered form, without coupons, in Authorized Denominations,
555 and shall be numbered separately from R-1 upward. Subject to the conditions
556 set forth in Section 10.01 of this Ordinance, the Bonds shall mature on the dates,
557 and shall bear interest at the rates of interest until maturity or prior redemption,
558 as set forth in the Bond Purchase Agreement. Interest shall accrue and be paid
559 on each Bond respectively until its maturity or prior redemption, from the later
560 of the date of initial delivery to the Underwriters or the most recent Interest
561 Payment Date to which interest has been paid or provided for. Interest shall be
562 paid on each Interest Payment Date, or the Business Day immediately following
563 an Interest Payment Date if the scheduled Interest Payment Date is not a
564 Business Day. Interest shall be calculated on the basis of a 360-day year
565 consisting of twelve 30-day months.

566 Section 3.03 **REDEMPTION PRIOR TO MATURITY.** The Bonds are
567 subject to redemption prior to maturity in the manner provided in the Bond
568 Purchase Agreement. The terms of redemption shall be set forth in, and subject
569 to the conditions reserved in, the FORM OF BONDS. Notice of redemption of
570 Bonds subject to redemption shall be given in the manner provided in the
571 FORM OF BONDS.

572 Section 3.04 **MANNER OF EXECUTION AND**
573 **AUTHENTICATION.** The Paying Agent/Registrar is appointed as the paying
574 agent for the Bonds. The Bonds shall be payable, shall have the characteristics,
575 shall be executed and sealed, and shall be authenticated, all as provided and in
576 the manner indicated in the FORM OF BONDS. If any officer of the City whose
577 manual or facsimile signature shall appear on the Bonds, as provided in the
578 FORM OF BONDS, shall cease to be the officer before the authentication of the
579 Bonds or before the delivery of the Bonds, the signature shall nevertheless be
580 valid and sufficient for all purposes as if the officer had remained in office.

581 Section 3.05 **OWNERSHIP.** The City, the Paying Agent/Registrar and
582 any other Person may treat the Person in whose name any Bond is registered as
583 the absolute owner of the Bond for the purpose of making and receiving
584 payment of the principal of and premium, if any, and the interest on, the Bond
585 and for all other purposes, whether the Bond is overdue, and neither the City nor
586 the Paying Agent/Registrar shall be bound by any notice or knowledge to the
587 contrary. All payments made to the Person deemed to be the Owner of any Bond
588 in accordance with this section shall be valid and effectual and shall discharge
589 the liability of the City and the Paying Agent/Registrar upon the Bond to the
590 extent of the sums paid.

591 Section 3.06 **TRANSFER AND EXCHANGE.** On the date of initial
592 delivery and payment for the Bonds, one or more Initial Bonds, representing the
593 entire principal amount of all Bonds, payable to the Underwriters, executed by
594 the Mayor and City Clerk of the City, approved by the Attorney General of the
595 State of Texas, and registered and manually signed by the Comptroller of Public
596 Accounts of the State of Texas, will be delivered to the Representative of the
597 Underwriters. Upon payment for the Initial Bonds, the Paying Agent/Registrar
598 shall cancel the Initial Bonds and deliver to DTC on behalf of the Underwriters
599 one or more registered Bonds for each year of maturity of the Bonds in the
600 aggregate principal amount of the Bonds, registered in the name of Cede & Co.,
601 as nominee of DTC.

602 So long as any Bond remains Outstanding, the Paying Agent/Registrar
603 shall maintain the Register in which the Paying Agent/Registrar shall provide
604 for the registration and transfer of the Bonds in accordance with the terms of this
605 Ordinance, subject to reasonable regulations prescribed by the Paying
606 Agent/Registrar.

607 Each Bond shall be transferable only upon its presentation and surrender
608 at the Designated Payment Transfer Office of the Paying Agent/Registrar, duly
609 endorsed for transfer, or accompanied by an assignment duly executed by the
610 Registered Owner or the authorized representative of the Registered Owner in
611 form satisfactory to the Paying Agent/Registrar. Upon due presentation of any
612 Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver,
613 within 72 hours after such presentation, a new Bond or Bonds in exchange for
614 the Bond presented for transfer, registered in the name of the transferee or
615 transferees, in Authorized Denominations and of the same maturity and
616 aggregate principal amount and bearing interest at the same rate as the presented
617 Bond or Bonds.

618 A Bond shall be exchangeable upon its presentation and surrender at the
619 Designated Payment Transfer Office of the Paying Agent/Registrar for a Bond
620 or Bonds of the same maturity and interest rate and in any Authorized
621 Denomination, in an aggregate principal amount equal to the unpaid principal
622 amount of the Bond or Bonds presented for exchange. The Paying
623 Agent/Registrar shall be and is authorized to authenticate and deliver exchange
624 Bonds in accordance with the provisions of this Section. Each Bond delivered in
625 accordance with this Section shall be entitled to the benefits and security of this
626 Ordinance to the same extent as the Bond or Bonds in lieu of which a Bond is
627 delivered.

628 The Paying Agent/Registrar shall require the Owner of any Bond to pay a
629 sum sufficient to cover any tax or other governmental charge that may be
630 imposed in connection with the transfer or exchange of the Bond and any fee or
631 charge in connection with the transfer or exchange other than the Paying
632 Agent/Registrar fees, which shall be paid by the City.

633 The Paying Agent/Registrar shall not be required to transfer or exchange
634 any Bond during the 45-day period prior to the date fixed for redemption;
635 provided, however, that this restriction shall not apply to the transfer or
636 exchange by the Registered Owner of the unredeemed portion of a Bond called
637 for redemption in part.

638 Section 3.07 **CANCELLATION.** All Bonds paid or redeemed, and all
639 Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated
640 and delivered, in accordance with this Ordinance, shall be cancelled and shall be
641 disposed of in accordance with the rules and regulations promulgated under the
642 Securities Exchange Act of 1934.

643 Section 3.08 **REPLACEMENT BONDS.** Upon the presentation and
644 surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying
645 Agent/Registrar shall authenticate and deliver a replacement Bond of like
646 maturity, interest rate, and principal amount, bearing a number not
647 contemporaneously outstanding, in exchange for the presented Bond. The
648 Paying Agent/Registrar shall require the Owner of the Bond to pay a sum
649 sufficient to cover any tax or other governmental charge that may be imposed,
650 and any other expenses, including the fees and expenses of the Paying
651 Agent/Registrar, to effect this exchange.

652 If any Bond is lost, apparently destroyed, or wrongfully taken, the City,
653 pursuant to the applicable laws of the State of Texas and in the absence of notice
654 or knowledge that the Bond has been acquired by a bona fide purchaser, shall
655 execute and the Paying Agent/Registrar shall authenticate and deliver a
656 replacement Bond of like maturity, interest rate, and principal amount, bearing a
657 number not contemporaneously outstanding, provided that the Owner shall have:

- 658 (a) furnished to the City and the Paying Agent/Registrar satisfactory
659 evidence of the ownership of and the circumstances of the loss,
660 destruction or theft of the Bond;
- 661 (b) furnished security and indemnity as may be required by the Paying
662 Agent/Registrar and the City to save them harmless;
- 663 (c) paid all expenses and charges, including, but not limited to, printing
664 costs, legal fees, fees of the Paying Agent/Registrar and any tax or
665 other governmental charge that may be imposed, as a result of the
666 loss, destruction or wrongful taking of the Bond; and
- 667 (d) met or complied with any other reasonable requirements of the City
668 and the Paying Agent/Registrar.

669 If, after the delivery of a replacement Bond, a bona fide purchaser of the
670 original Bond in lieu of which the replacement Bond was issued presents for
671 payment the original Bond, the City and the Paying Agent/Registrar shall be
672 entitled to recover the replacement Bond from the Person to whom it was
673 delivered or any Person taking from the person, except a bona fide purchaser,
674 and shall be entitled to recover upon the security or indemnity provided to the
675 extent of any loss, damage, cost or expense incurred by the City or the Paying
676 Agent/Registrar.

677 If any mutilated, lost, apparently destroyed or wrongfully taken Bond has
678 become or is about to become due and payable, the City in its discretion may,
679 instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to
680 pay that Bond.

681 Each replacement Bond delivered in accordance with this Section shall be
682 entitled to the benefits and security of this Ordinance to the same extent as the
683 Bond or Bonds in lieu of which a replacement Bond is delivered.

684 Section 3.09 **BOOK-ENTRY SYSTEM.** This section describes the
685 book-entry system of DTC. As provided in the Bond Purchase Agreement, the
686 definitive Bonds shall be registered in the name of Cede & Co., as nominee of
687 DTC, as registered owner of the Bonds, and held in the custody of DTC.

688 Unless otherwise requested by DTC, a single certificate will be issued and
689 delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds
690 will not receive physical delivery of Bond certificates except as provided below.
691 For so long as DTC may serve as securities depository for the Bonds, all
692 transfers of beneficial ownership interests will be made by book-entry only, and
693 no investor or other party purchasing, selling or otherwise transferring beneficial
694 ownership of Bonds is to receive, hold or deliver any Bond certificate.

695 With respect to Bonds registered in the name of Cede & Co., as nominee
696 of DTC, neither the City nor the Paying Agent/Registrar shall have any
697 responsibility or obligation to any DTC Participant or to any Person on whose
698 behalf a DTC Participant holds an interest in the Bonds. Without limiting the
699 immediately preceding sentence, neither the City nor the Paying Agent/Registrar
700 shall have any responsibility or obligation with respect to (i) the accuracy of the
701 records of DTC, Cede & Co. or any DTC Participant with respect to any
702 ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any
703 other person, other than a Registered Owner of the Bonds, as shown on the
704 Register, of any notice with respect to the Bonds, including any notice of
705 redemption, and (iii) the payment to any DTC Participant or any other person,
706 other than a Registered Owner of the Bonds, as shown in the Register, of any
707 amount with respect to principal of and premium, if any, or interest on the
708 Bonds.

709 Replacement Bonds may be issued directly to beneficial owners of Bonds
710 other than DTC, or its nominee, but only in the event that (i) DTC determines
711 not to continue to act as securities depository for the Bonds (which
712 determination shall become effective after reasonable written notice to such

713 effect to the City and the Paying Agent/Registrar), or (ii) the City has advised
714 DTC of its determination (which determination is conclusive as to DTC and the
715 beneficial owners of the Bonds) that DTC is incapable of discharging its duties
716 as securities depository for the Bonds, or (iii) the City has determined (which
717 determination is conclusive as to DTC and the beneficial owners of the Bonds)
718 that the interests of the beneficial owners of the Bonds might be adversely
719 affected if such book-entry only system of transfer is continued. Upon
720 concurrence of any event described in (i) or (ii) above, the City shall use its best
721 efforts to attempt to locate another qualified securities depository. If the City
722 fails to locate another qualified securities depository to replace DTC, the City
723 shall cause to be executed, authenticated and delivered replacement Bonds, in
724 certificated form, to the DTC Participants having an interest in the Bonds as
725 shown on the records of DTC provided by DTC to the City. In the event that the
726 City makes the determination noted in (iii) above and has made provisions to
727 notify the beneficial owners of Bonds of such determination by mailing an
728 appropriate notice to DTC, it shall cause to be issued replacement Bonds in
729 certificated form to the DTC Participants having an interest in the Bonds as
730 shown on the records of DTC provided by DTC to the City. The City undertakes
731 no obligation to make any investigation to determine the occurrence of any
732 events that would permit the City to make any determination described in (ii) or
733 (iii) above.

734 Whenever, during the term of the Bonds, beneficial ownership is
735 determined by a book entry at DTC (or any successor securities depository), the
736 requirements in this Ordinance of holding, registering, delivering, exchanging or
737 transferring Bonds shall be deemed modified to require the appropriate person
738 or entity to meet the requirements of DTC (or such successor securities
739 depository) as to holding, registering, delivering, exchanging or transferring the
740 book entry to produce the same effect.

741 The Blanket Letter of Representations, dated June 1, 1995, between the
742 City and DTC shall apply to the Bonds.

743 If at any time DTC ceases to hold the Bonds, all references to DTC shall
744 be of no further force or effect.

745 Section 3.10 **FUNDING OF CAPITALIZED INTEREST ACCOUNT.**
746 On the date of the initial delivery of the Bonds, the City will deposit to the credit
747 of the Capitalized Interest Account, from proceeds of the Bonds, an amount
748 determined by an Authorized Officer to be no greater than the amount of interest

749 payable on the Bonds during the construction of the improvements, and for one
750 year after construction of the improvements, financed with the proceeds of the
751 Bonds is completed.

752 Section 3.11 **FUNDING OF DEBT SERVICE RESERVE FUND.** On
753 the date of the initial delivery of the Bonds, the City will deposit to the credit of
754 the Debt Service Reserve Fund, from proceeds of the Bonds, the amount
755 determined by an Authorized Officer to enable the Debt Service Reserve Fund
756 Requirement to be fully funded after giving effect to the issuance of the Bonds.

757 **ARTICLE FOUR**

758 **FORM OF BONDS**

759 Section 4.01 **FORM GENERALLY.** (a) The Bonds, including the
760 forms of the Registration Certificate of the Comptroller of Public Accounts of
761 the State of Texas, the Certificate of the Paying Agent/Registrar, and the
762 Assignment to appear on each Bond, (i) shall be substantially in the form set
763 forth in Exhibit A to this Ordinance, with appropriate insertions, omissions,
764 substitutions, and other variations as are permitted or required by this Ordinance
765 or the Bond Purchase Agreement, and (ii) may have distinguishing letters,
766 numbers, or other marks of identification and legends and endorsements
767 (including any reproduction of an opinion of counsel) as may be determined by
768 the City or by the officers executing the Bonds, as evidenced by their execution
769 of the Bonds.

770 (b) The Bonds shall be typed, photocopied, printed, lithographed, or
771 engraved, and may be produced by any combination of these methods or
772 produced in any other similar manner, all as determined by the officers
773 executing the Bonds, as evidenced by their execution.

774 Section 4.02 **CUSIP REGISTRATION.** The City may secure
775 identification numbers through CUSIP Global Services, and may authorize the
776 printing of CUSIP numbers on the face of the Bonds. It is expressly provided,
777 however, that the presence or absence of CUSIP numbers on the Bonds shall be
778 of no significance or effect as regards the legality thereof and neither the City
779 nor the attorneys approving the Bonds as to legality are to be held responsible
780 for CUSIP numbers incorrectly printed on the Bonds.

781 Section 4.03 **LEGAL OPINION.** The approving legal opinion of
782 McCall, Parkhurst & Horton L.L.P., Bond Counsel, may be printed on or

783 attached to the back of each Bond, but errors or omissions in the printing of the
784 opinion shall have no effect on the validity of the Bonds.

785 ***ARTICLE FIVE***

786 ***SECURITY AND SOURCE OF PAYMENT***

787 Section 5.01 **PLEDGE AND SOURCE OF PAYMENT.** The City
788 covenants and agrees that Gross Revenues shall be deposited and paid into the
789 special funds established and confirmed in this Ordinance, and shall be applied
790 in the manner set forth in this Ordinance, in order to provide for the payment of
791 all Operation and Maintenance Expenses of the Airport System and to provide
792 for the payment of Debt Service on the Revenue Bonds and Credit Agreement
793 Obligations and for the payment when due of Administrative Expenses. Except
794 as otherwise specifically provided in this Ordinance, the Revenue Bonds and the
795 Credit Agreement Obligations shall constitute special obligations of the City that
796 shall be payable from, and shall be equally and ratably secured by a first lien on
797 the Net Revenues. The Administrative Expenses shall constitute special
798 obligations of the City that shall be payable from and secured by a lien on the
799 Net Revenues subordinate only to the payment of Debt Service on the Revenue
800 Bonds. Net Revenues shall, in the manner provided in this Ordinance, be set
801 aside for and pledged to the payment of the Revenue Bonds in the Debt Service
802 Fund and the Debt Service Reserve Fund as provided in this Ordinance. The
803 City grants a lien on the Net Revenues and the Debt Service Fund and the Debt
804 Service Reserve Fund to secure the payment of Debt Service on the Revenue
805 Bonds and related Credit Agreement Obligations in accordance with their terms,
806 and to pay Administrative Expenses to the Persons entitled to payment. All
807 Revenue Bonds and related Credit Agreement Obligations shall be in all
808 respects on a parity with and of equal dignity with one another; provided,
809 however, that a Termination Payment shall be a Subordinate Obligation. Neither
810 the Owners nor the Credit Providers shall ever have the right to demand
811 payment of Debt Service out of any funds raised or to be raised by taxation.

812 Chapter 1208 applies to the authorization and issuance of the Revenue
813 Bonds and to the pledge of and lien on the Net Revenues granted by the City
814 under this Ordinance, and the pledge of and lien on the Net Revenues are valid
815 and effective in accordance with the terms of this Ordinance and are perfected
816 from the date of adoption of this Ordinance without the filing of any document
817 or other act. To the extent Texas law is amended at any time while the Revenue
818 Bonds are Outstanding and unpaid such that the pledge of and lien on the Net

819 Revenues granted by the City under this Ordinance are to be subject to the filing
820 requirements of Chapter 9, the City agrees to take all actions and make, or cause
821 to be made, all filings as it determines are reasonable and necessary under Texas
822 law to comply with the applicable provisions of Chapter 9.

823 Section 5.02 **ANNUAL BUDGET.** So long as any Revenue Bond or
824 Credit Agreement Obligation remains Outstanding, the Aviation Director shall,
825 prior to the commencement of each Fiscal Year, prepare and deliver to the chief
826 budget officer of the City, for submission to council, a recommended annual
827 budget for the Airport System for that Fiscal Year. The City shall adopt annual
828 budgets for the Airport System for each Fiscal Year, containing an estimate of
829 Gross Revenues and only those budgeted expenditures as will produce Net
830 Revenues in an amount that is not less than the amount necessary to pay the
831 Debt Service and Administrative Expenses when due and make the required
832 deposits to the Debt Service Reserve Fund. After the adoption of the annual
833 Airport System budget by the City, the total expenditures for Operation and
834 Maintenance Expenses will not exceed the total expenditures authorized for the
835 purposes described in the budget, as the budget may from time to time be
836 amended.

837 Section 5.03 **RATE COVENANT.** The City covenants that it will at all
838 times fix, charge, impose and collect rentals, rates, fees and other charges for the
839 use of the Airport System, and, to the extent it legally may do so, revise the
840 same as may be necessary or appropriate, in order that in each Fiscal Year the
841 Net Revenues will be at least sufficient to equal the larger of either:

- 842 (a) all amounts required to be deposited in the Fiscal Year to the credit of
843 the Debt Service Fund, the Debt Service Reserve Fund, and the
844 Administrative Expense Fund and to any debt service or debt service
845 reserve fund or account for Subordinate Obligations, or
- 846 (b) an amount, together with Other Available Funds, not less than 125%
847 of the Debt Service Requirements for Revenue Bonds for the Fiscal
848 Year plus an amount equal to 100% of anticipated and budgeted
849 Administrative Expenses for the Fiscal Year.

850 If the Net Revenues in any Fiscal Year are less than the amounts specified
851 above, the City, promptly upon receipt of the annual audit for the Fiscal Year,
852 must request an Airport Consultant to make any recommendations to revise the
853 City's rentals, rates, fees and other charges, its Operation and Maintenance
854 Expenses or the method of operation of the Airport System in order to satisfy as

855 quickly as practicable the requirements of this Section. Copies of the request and
856 the recommendations of the Airport Consultant shall be filed with the City
857 Clerk. So long as the City substantially complies in a timely fashion with the
858 recommendations of the Airport Consultant, the City will not have defaulted in
859 the performance of its duties under this Ordinance even if the resulting Net
860 Revenues plus Other Available Funds are not sufficient to be in compliance with
861 the rate covenant, so long as Debt Service is paid when due.

862 Section 5.04 **SPECIAL FUNDS.** The following special funds and
863 accounts previously have been established and are confirmed, and shall be
864 maintained and accounted for so long as any Revenue Bond and related Credit
865 Agreement Obligation remains Outstanding and Administrative Expenses
866 remain unpaid. The funds and accounts may also include any additional
867 accounts or subaccounts as may from time to time be designated by the City,
868 including specifically rebate accounts or subaccounts for accumulating rebatable
869 arbitrage payable to the federal government, so long as they are not inconsistent
870 with this Ordinance:

- 871 (a) Airport System Revenue Fund ("Revenue Fund"), including an
872 Operation and Maintenance Reserve Fund ("Operation and
873 Maintenance Reserve Fund");
- 874 (b) Airport System Revenue Bond Debt Service Fund ("Debt Service
875 Fund");
- 876 (c) Airport System Revenue Bond Debt Service Reserve Fund ("Debt
877 Service Reserve Fund");
- 878 (d) Airport System Revenue Bond Administrative Expense Fund (the
879 "Administrative Expense Fund");
- 880 (e) Airport System Renewal and Replacement Fund ("Renewal and
881 Replacement Fund");
- 882 (f) Airport System Capital Fund ("Capital Fund"), including a Capital
883 Improvement Account; and
- 884 (g) Airport System Construction Fund ("Construction Fund"), including
885 the Capitalized Interest Account and a Series 2017B (AMT) Project
886 Account.

887 The Revenue Fund, including the Operation and Maintenance Reserve
888 Fund, the Renewal and Replacement Fund, the Capital Fund and the
889 Construction Fund (other than any Capitalized Interest Account in the
890 Construction Fund) shall be maintained as separate funds or accounts on the
891 books of the City and all amounts credited to the Funds and Accounts shall be
892 maintained in an official depository bank of the City. The Debt Service Fund,
893 the Debt Service Reserve Fund and the Administrative Expense Fund shall be
894 maintained at an official depository bank of the City or in a trustee bank
895 designated by the City separate and apart from all other funds and accounts of
896 the City. The Debt Service Fund and the Debt Service Reserve Fund shall
897 constitute trust funds which shall be held in trust for the owners of the Revenue
898 Bonds and the proceeds of which shall be pledged, as herein provided, to the
899 payment of the Revenue Bonds. The Administrative Expense Fund shall
900 constitute trust funds which shall be held in trust for the payment of
901 Administrative Expenses to the Persons entitled to those Administrative
902 Expenses.

903 Section 5.05 **FLOW OF FUNDS.** Gross Revenues shall be deposited
904 as received by the City into the Revenue Fund. In addition, the City may deposit
905 into the Revenue Fund any Federal Payments not restricted for capital purposes,
906 provided that, so long as the Federal Payments are excluded from the definition
907 of Gross Revenues, the Federal Payments shall be applied solely to the payment
908 of Operation and Maintenance Expenses or capital expenditures and never
909 constitute Net Revenues. Other Available Funds may also be deposited into the
910 Revenue Fund. Moneys from time to time credited to the Revenue Fund shall be
911 applied as follows in the following order of priority:

- 912 (a) First, to provide for all payments of Operation and Maintenance
913 Expenses required by the Revenue Bond Ordinances.
- 914 (b) Second, to transfer all amounts to the Debt Service Fund required by
915 the Revenue Bond Ordinances necessary to pay Debt Service on the
916 Revenue Bonds and any related Credit Agreement Obligations.
- 917 (c) Third, to transfer all amounts to the Administrative Expense Fund
918 required to pay Administrative Expenses to the Persons entitled to
919 payment when due.
- 920 (d) Fourth, to transfer all amounts to the Debt Service Reserve Fund
921 required by the Revenue Bond Ordinances.

- 922 (e) Fifth, to transfer all amounts necessary to provide for the payment of
923 Subordinate Obligations, or to provide reserves for payment, as may
924 be required by any ordinance authorizing Subordinate Obligations and
925 related credit agreement obligations.
- 926 (f) Sixth, to transfer all amounts necessary to provide for the payment of
927 principal of and interest on General Obligation Airport Bonds.
- 928 (g) Seventh, to transfer all amounts to the Operation and Maintenance
929 Reserve Fund required by the Revenue Bond Ordinances.
- 930 (h) Eighth, to transfer all amounts to the Renewal and Replacement Fund
931 required by the Revenue Bond Ordinances.
- 932 (i) Ninth, the balance shall be transferred to the Capital Fund.

933 Section 5.06 **DEBT SERVICE FUND.** (a) On the date of initial
934 delivery of the Bonds, there shall be transferred from the Capitalized Interest
935 Account to the Debt Service Fund the amount necessary to pay interest coming
936 due on the Bonds on their first Interest Payment Date. Thereafter, to the extent
937 moneys remain on deposit in the Capitalized Interest Account, on the Business
938 Day immediately following an Interest Payment Date, there shall be transferred
939 from the Capitalized Interest Account to the Debt Service Fund amounts
940 available to pay the interest coming due on the Bonds on the next succeeding
941 Interest Payment Date.

942 (b) On or before the last Business Day of each month so long as any
943 Revenue Bonds remain Outstanding, after making all required payments of
944 Operation and Maintenance Expenses, there shall be transferred from the
945 Revenue Fund to the Debt Service Fund the amount necessary to cause the
946 balance in the Debt Service Fund to equal the Debt Service on all Revenue
947 Bonds and Credit Agreement Obligations accrued, but unpaid, through the end
948 of the current month and the Debt Service on all Revenue Bonds and Credit
949 Agreement Obligations reasonably expected to accrue and be payable on or
950 before the last Business Day of the next succeeding month.

951 (c) Moneys credited to the Debt Service Fund shall be used solely for the
952 purpose of paying Debt Service on Revenue Bonds and Credit Agreement
953 Obligations.

954 Section 5.07 **DEBT SERVICE RESERVE FUND.** (a) The City shall
955 establish and maintain a balance in the Debt Service Reserve Fund equal to the

956 Debt Service Reserve Fund Requirement. Each increase in the Debt Service
957 Reserve Fund Requirement resulting from the issuance of Additional Revenue
958 Bonds shall be funded at the time of issuance and delivery of the series of
959 Additional Revenue Bonds by depositing to the credit of the Debt Service
960 Reserve Fund either: (A) proceeds of the Additional Revenue Bonds and/or
961 other lawfully appropriated funds in not less than the amount which will be
962 sufficient to fund fully the Debt Service Reserve Fund Requirement; or (B) a
963 Debt Service Reserve Fund Surety Bond sufficient to provide that portion of the
964 Debt Service Reserve Fund Requirement. The City further expressly reserves
965 the right to substitute at any time a Debt Service Reserve Fund Surety Bond for
966 any funded amounts in the Debt Service Reserve Fund and to apply the funds
967 released, to the greatest extent permitted by law, to any of the purposes for
968 which the related Revenue Bonds were issued or to pay debt service on the
969 related Revenue Bonds. The City shall not employ any Debt Service Reserve
970 Fund Surety Bond unless: (i) the City officially finds that the purchase of the
971 Debt Service Reserve Fund Surety Bond is cost effective; (ii) the Debt Service
972 Reserve Fund Surety Bond does not impose upon the City a repayment
973 obligation (in the event the Debt Service Reserve Fund Surety Bond is drawn
974 upon) greater than can be funded in 18 monthly installments as provided in
975 subsection (b) below, payable out of Net Revenues on a parity with the monthly
976 deposits that are otherwise required to be made to the Debt Service Reserve
977 Fund; and (iii) that any interest due in connection with the repayment
978 obligations does not exceed the highest lawful rate of interest which may be paid
979 by the City at the time of delivery of the Debt Service Reserve Fund Surety
980 Bond.

981 (b) In any month in which the Debt Service Reserve Fund contains less
982 than the Debt Service Reserve Fund Requirement or in which the City is
983 obligated to repay or reimburse any issuer of a Debt Service Reserve Fund
984 Surety Bond (in the event such Debt Service Reserve Fund Surety Bond is
985 drawn upon), then on or before the last Business Day of that month, after
986 making all required transfers to the Debt Service Fund and the Administrative
987 Expense Fund, the City shall transfer into the Debt Service Reserve Fund from
988 the Revenue Fund, in approximately equal monthly installments, amounts
989 sufficient to enable the City within an 18 month period to reestablish in the Debt
990 Service Reserve Fund the Debt Service Reserve Fund Requirement and satisfy
991 any repayment obligations to the issuer of any Debt Service Reserve Fund
992 Surety Bond. After this amount has been accumulated in the Debt Service
993 Reserve Fund and after satisfying any repayment obligation to any Debt Service

994 Reserve Fund Surety Bond issuer and so long thereafter as the Debt Service
995 Reserve Fund contains this amount and all repayment obligations have been
996 satisfied, no further transfers shall be required to be made, and any excess
997 amounts in the Debt Service Reserve Fund shall be transferred to the Revenue
998 Fund. But if and whenever the balance in the Debt Service Reserve Fund is
999 reduced below this amount or any Debt Service Reserve Fund Surety Bond
1000 repayment obligations arise, monthly transfers to the Debt Service Reserve Fund
1001 shall be resumed and continued in amounts required to restore the Debt Service
1002 Reserve Fund to this amount and to pay reimbursement obligations within an 18
1003 month period.

1004 (c) The City shall use the Debt Service Reserve Fund to pay Debt
1005 Service on the Revenue Bonds and the Credit Agreement Obligations at any
1006 time the amount available in the Debt Service Fund is insufficient for this
1007 purpose, and to make any payments required to satisfy repayment obligations to
1008 issuers of Debt Service Reserve Fund Surety Bonds. The City may use the Debt
1009 Service Reserve Fund to make the final payments for the retirement or
1010 defeasance of Revenue Bonds, related Credit Agreement Obligations, and
1011 Administrative Expenses.

1012 **Section 5.08 FUNDS AND ACCOUNTS FOR SUBORDINATE**
1013 **OBLIGATIONS.** On or before the last Business Day of each month, after
1014 making all required transfers to the Debt Service Fund, the Debt Service
1015 Reserve Fund and the Administrative Expense Fund the City shall transfer into
1016 the funds and accounts as the City may establish pursuant to an ordinance
1017 authorizing the issuance or incurrence of Subordinate Obligations, the amounts
1018 required pursuant to the ordinance authorizing the issuance or incurrence of
1019 Subordinate Obligations to provide for the payment, or to provide reserves for
1020 the payment, of the Subordinate Obligations.

1021 **Section 5.09 ADMINISTRATIVE EXPENSE FUND.** On or before the
1022 last Business Day of each month, after making all required transfers to the Debt
1023 Service Fund, the City shall transfer to the Administrative Expense Fund an
1024 amount equal to the Administrative Expenses expected to be paid to the Persons
1025 entitled to payment in the next succeeding month. Amounts on deposit in the
1026 Administrative Expense Fund shall be applied solely to the payment of
1027 Administrative Expenses.

1028 **Section 5.10 GENERAL OBLIGATION AIRPORT BONDS.** On or
1029 before the last Business Day of each month, so long as any General Obligation

1030 Airport Bond remains outstanding, after making all required transfers to the
1031 Debt Service Fund, the Debt Service Reserve Fund, the Administrative Expense
1032 Fund and any other fund and account established by ordinance authorizing the
1033 issuance of Revenue Bonds and Subordinate Obligations, the City shall transfer
1034 from the Revenue Fund, to the extent there are funds available, the amounts
1035 necessary to provide for the payment, when due, of principal of and interest on
1036 General Obligation Airport Bonds.

1037 Section 5.11 **OPERATION AND MAINTENANCE RESERVE**
1038 **FUND.** The City shall fund and maintain a balance of money and investments
1039 in the Operation and Maintenance Reserve Fund at least equal to two months
1040 current Operation and Maintenance Expenses, which amount shall annually be
1041 re-determined by the Aviation Director at the time the recommended budget for
1042 the Airport System is submitted pursuant to Section 5.02 of this Ordinance,
1043 based upon either the Aviation Director's recommended budget for Operation
1044 and Maintenance Expenses or the Aviation Director's estimate of actual
1045 Operation and Maintenance Expenses for the then current Fiscal Year. On or
1046 before the last Business Day of each month, after making all required transfers
1047 to the Debt Service Fund, the Debt Service Reserve Fund and the Administrative
1048 Expense Fund, and any required transfers for Subordinate Obligations or
1049 General Obligation Airport Bonds as provided in this Ordinance, there shall be
1050 transferred from the Revenue Fund, to the extent there are funds available, to the
1051 Operation and Maintenance Reserve Fund an amount equal to 1/12th of the
1052 deficiency, if any, in the Operation and Maintenance Reserve Fund as of the last
1053 day of the previous Fiscal Year until the required balance in the Operation and
1054 Maintenance Reserve Fund is established or reestablished. Amounts from time
1055 to time credited to the Operation and Maintenance Reserve Fund may be used at
1056 any time: first, to pay for any Operation and Maintenance Expenses for which
1057 amounts are not otherwise available in the Revenue Fund; second, to pay any
1058 costs or expenses payable from the Renewal and Replacement Fund for which
1059 there are insufficient amounts in the Renewal and Replacement Fund; and third,
1060 to the extent any amounts are remaining, to be transferred to the Debt Service
1061 Fund, the Debt Service Reserve Fund and the Administrative Expense Fund or
1062 any similar fund created to provide for the payment, and reserves for the
1063 payment, of Subordinate Obligations and General Obligation Airport Bonds to
1064 the extent of any deficiency in any of these funds.

1065 Section 5.12 **RENEWAL AND REPLACEMENT FUND.** The City
1066 has established the Renewal and Replacement Fund Requirement to be

1067 \$5,000,000. On or before the last Business Day of each month, if the Renewal
1068 and Replacement Fund contains less than the Renewal and Replacement Fund
1069 Requirement, then after making all required transfers to the Debt Service Fund,
1070 the Debt Service Reserve Fund and the Administrative Expense Fund, and any
1071 required transfers for Subordinate Obligations or General Obligation Airport
1072 Bonds as provided in this Ordinance, and to the Operation and Maintenance
1073 Reserve Fund, the City shall transfer from the Revenue Fund, to the extent there
1074 are funds available, to the Renewal and Replacement Fund an amount equal to
1075 1/12th of the deficiency (being the amount by which the Renewal and
1076 Replacement Fund Requirement exceeded the unappropriated balance in the
1077 Renewal and Replacement Fund) as of the last day of the previous Fiscal Year
1078 and, at the discretion of the City, to pay directly from the Revenue Fund any
1079 other costs that could be paid from amounts on deposit in the Renewal and
1080 Replacement Fund. The City is required to make these transfers into the
1081 Renewal and Replacement Fund until such time as the Renewal and
1082 Replacement Fund Requirement has again been accumulated in the Renewal and
1083 Replacement Fund. Amounts from time to time credited to the Renewal and
1084 Replacement Fund may be used at any time: first, to pay for any costs of
1085 replacing depreciable property and equipment of the Airport System and making
1086 repairs, replacements or renovations of the Airport System; second, to pay any
1087 Operation and Maintenance Expenses for which insufficient amounts are
1088 available in the Revenue Fund; and third, to the extent any amounts are
1089 remaining, to be transferred to the Debt Service Fund, the Debt Service Reserve
1090 Fund and the Administrative Expense Fund or any similar fund created to
1091 provide for the payment, and reserves for the payment, of Subordinate
1092 Obligations and General Obligation Airport Bonds to the extent of any
1093 deficiency.

1094 Section 5.13 **CAPITAL FUND.** After the City makes all payments and
1095 transfers required by this Ordinance, at least annually it shall also transfer all
1096 amounts remaining in the Revenue Fund to the Capital Fund; provided,
1097 however, that no transfers shall be made to the Capital Fund unless the Debt
1098 Service Reserve Fund contains the Debt Service Reserve Requirement and all
1099 Administrative Expenses have been paid. Amounts credited to the Capital
1100 Improvement Account may be used only for lawful purposes relating to the
1101 Airport System, including without limitation, to pay for any capital expenditures
1102 or to pay costs of replacing any depreciable property or equipment of the Airport
1103 System, to make any major or extraordinary repairs, replacements or renewals of
1104 the Airport System, to acquire land or any interest in such land, to pay costs

1105 necessary or incident to the closing or disposition of any facility of the Airport
1106 System and, at the City's discretion, to be designated as Other Available Funds
1107 to be transferred to the Revenue Fund.

1108 Section 5.14 **DEFICIENCIES IN FUNDS OR ACCOUNTS.** If in any
1109 month the City does not transfer into any Fund or Account maintained pursuant
1110 to Sections 5.06 through 5.12, inclusive, the full amounts required by this
1111 Ordinance, the City shall set apart amounts equivalent to the deficiency and
1112 shall transfer those amounts to the deficient Fund or Account from the first
1113 available and unallocated moneys in the Revenue Fund, and this transfer shall be
1114 in addition to the amounts otherwise required to be transferred to the Fund or
1115 Account during any succeeding month or months.

1116 Section 5.15 **CONSTRUCTION FUND.** (a) From the proceeds of each
1117 series of Revenue Bonds (other than the proceeds of Refunding Revenue Bonds)
1118 there shall be deposited into the Capitalized Interest Account (if any) established
1119 in the Construction Fund for that series the amount of capitalized interest
1120 required by the ordinance authorizing issuance of the series of Revenue Bonds.
1121 The amounts may be applied to pay interest on the series of Revenue Bonds as
1122 provided in the authorizing ordinance.

1123 (b) From the proceeds of each series of Revenue Bonds (other than
1124 the proceeds of Refunding Revenue Bonds) there shall be deposited into the
1125 applicable Project Account established in the Construction Fund the amounts as
1126 shall be provided in the ordinance authorizing the series of Revenue Bonds. The
1127 amounts may be applied to pay costs of establishing, improving, enlarging,
1128 extending, and repairing the Airport System or any project to become part of the
1129 Airport System, to reimburse advances made by the City for these costs, to pay
1130 costs of issuance of Revenue Bonds and to pay any other capital costs of the
1131 Airport System as provided in the ordinance authorizing the series of Revenue
1132 Bonds.

1133 (c) There shall be established within the Construction Fund two accounts,
1134 the Series 2017B Project Account and the Capitalized Interest Account. Moneys
1135 in the Series 2017B Project Account shall be used to pay costs of constructing
1136 the improvements to the Airport consistent with the purpose for which the
1137 Bonds are issued. Moneys in the Capitalized Interest Account shall be held for
1138 the purpose of paying interest on the Bonds during the construction of the
1139 improvements and for one year after the improvements have been constructed,

1140 and shall be transferred from time to time to the Debt Service Fund in the
1141 manner provided in Section 5.06(a) of this Ordinance.

1142 Section 5.16 **MUELLER AIRPORT DISPOSITION FUND.** The
1143 Robert Mueller Municipal Airport was closed for aviation purposes and the
1144 Mueller Airport Property was transferred out of the Airport System and is no
1145 longer part of the Airport System. In connection with the transfer of the Mueller
1146 Airport Property, the City deposited certain funds into the Mueller Disposition
1147 Fund. These funds, together with any other amounts deposited into the Mueller
1148 Disposition Fund, may be used for the payment or reimbursement of all costs
1149 and expenses incurred by the City necessary or incident to the closing of Robert
1150 Mueller Municipal Airport to aviation purposes and the disposition of the
1151 Mueller Airport Property. Any amounts remaining will be transferred to the
1152 City's aviation department.

1153 Section 5.17 **INVESTMENT; TRANSFER OF INVESTMENT**
1154 **INCOME.** (a) Money in all Funds and Accounts shall, at the option of the City,
1155 be invested in the manner provided by Texas law; provided, that all deposits and
1156 investments shall be made in a manner that the money required to be expended
1157 from any Fund will be available at the proper time or times. Moneys in the
1158 Funds and Accounts may be subjected to further investment restrictions imposed
1159 from time to time by ordinance authorizing the issuance of Revenue Bonds and
1160 Subordinate Obligations. All such investments shall be valued no less frequently
1161 than once per Fiscal Year at market value, except that: (i) any direct obligations
1162 of the United States of America - State and Local Government Series shall be
1163 continuously valued at their par value or principal face amount; and (ii) any
1164 investments which are subject to a Qualified Put may continuously be valued at
1165 the amount at which they can be put or sold under the terms of such Qualified
1166 Put. For purposes of maximizing investment returns, money in the Funds may be
1167 invested, together with money in other Funds or with other money of the City, in
1168 common investments or in a common pool of such investments maintained by
1169 the City at an official depository of the City or in any fund or investment vehicle
1170 permitted by Texas law, which shall not be deemed to be a loss of the
1171 segregation of the money or Funds provided that safekeeping receipts,
1172 certificates of participation or other documents clearly evidencing the
1173 investment or investment pool in which the money is invested and the share
1174 purchased with such money or owned by the Fund are held by or on behalf of
1175 each Fund. If and to the extent necessary, the investments or participations shall
1176 be promptly sold to prevent any default.

1177 (b) All interest and income derived from deposits and investments
 1178 credited to any of the following Funds and Accounts shall be applied as follows,
 1179 except as provided in subsection (c) below:
 1180

<u>Source of Interest or Income</u>	<u>Fund or Account to which such Interest or Income should be Credited</u>
Revenue Fund	Remains in Revenue Fund
Debt Service Reserve Fund	Remains in the fund until the applicable Debt Service Reserve Fund Requirement is satisfied (unless otherwise required to be transferred to the Rebate Fund by Section 11.01); thereafter to the Revenue Fund
Administrative Expense Fund	Revenue Fund
Operation and Maintenance Reserve Fund	Remains in the fund until fully funded; thereafter to the Revenue Fund
Renewal and Replacement Fund	Remains in the fund until Renewal and Replacement Fund Requirement is met; thereafter to the Revenue Fund
Capital Fund - Capital Improvement Account	Remains in the fund (unless otherwise required to be transferred to the Rebate Fund by Section 11.01) or in the appropriate fund or account therein

1181 (c) Notwithstanding anything to the contrary, any interest and income
 1182 derived from deposits and investments of any amounts credited to any Fund or
 1183 Account may be: (i) transferred into any rebate account or subaccount; and (ii)
 1184 paid to the federal government if in the opinion of nationally recognized bond
 1185 counsel the payment is required to comply with any covenant or required in
 1186 order to prevent interest on any bonds payable from Net Revenues from being
 1187 includable within the gross income of Owners for federal income tax purposes.
 1188

1189 Section 5.18 **SECURITY FOR UNINVESTED FUNDS.** So long as
1190 any Revenue Bond remains Outstanding, all uninvested moneys on deposit in, or
1191 credited to, the Funds and Accounts established or confirmed as stated in this
1192 Ordinance shall be secured by the pledge of security, as provided by Texas law.
1193

1194 **ARTICLE SIX**

1195 **ADDITIONAL BONDS**

1196
1197
1198 Section 6.01 **ADDITIONAL REVENUE BONDS.** The City reserves
1199 the right to issue, for any lawful Airport System purpose, one or more
1200 installments of Additional Revenue Bonds payable from and secured by Net
1201 Revenues on a parity with the Outstanding Revenue Bonds; provided, however,
1202 that no series of Additional Revenue Bonds shall be issued unless:

1203 (a) No Default. The City Manager and the Aviation Director certify that,
1204 upon the issuance of Additional Revenue Bonds, the City will not be in default
1205 under any term or provision of any Revenue Bonds then Outstanding or any
1206 ordinance pursuant to which any Revenue Bonds were issued unless the default
1207 will be cured by the issuance of the Additional Revenue Bonds.

1208 (b) Proper Fund Balances. The City's Chief Financial Officer or trustee, if
1209 one has been appointed, shall certify that, upon the issuance of Additional
1210 Revenue Bonds, the Debt Service Fund will have the required amounts on
1211 deposit and that the Debt Service Reserve Fund will contain the Debt Service
1212 Reserve Fund Requirement or the amount as is required to be funded at that
1213 time.

1214 (c) Projected Coverage for Additional Revenue Bonds. An Airport
1215 Consultant provides a written report setting forth projections which indicate that
1216 the estimated Net Revenues, together with the estimated Other Available Funds,
1217 of the Airport System for each of three consecutive Fiscal Years beginning in
1218 the earlier of:

1219 (i) the first Fiscal Year following the estimated date of completion
1220 and initial use of all revenue producing facilities to be financed with
1221 Additional Revenue Bonds, based upon a certified written estimated
1222 completion date by the consulting engineer for the facility or facilities; or

1223 (ii) the first Fiscal Year in which the City will have scheduled
1224 payments of interest on or principal of the Additional Revenue Bonds to be

1225 issued for the payment of which provision has not been made as indicated in
1226 the report of the Airport Consultant from proceeds of the Additional
1227 Revenue Bonds, investment income on the proceeds of such Additional
1228 Revenue Bonds or from other appropriated sources (other than Net
1229 Revenues),

1230 are equal to at least 125% of the Debt Service Requirements on all Outstanding
1231 Revenue Bonds scheduled to occur during each respective Fiscal Year after
1232 taking into consideration the additional Debt Service Requirements for the
1233 Additional Revenue Bonds to be issued.

1234 (d) Alternate Coverage for Additional Revenue Bonds. In lieu of the
1235 certification described in (c) above, the City's Chief Financial Officer may
1236 provide a certificate showing that, for either the City's most recent complete
1237 Fiscal Year or for any consecutive 12 out of the most recent 18 months, the Net
1238 Revenues, together with Other Available Funds, of the Airport System were
1239 equal to at least 125% of the maximum Debt Service Requirements on all
1240 Revenue Bonds scheduled to occur in the then current or any future Fiscal Year
1241 after taking into consideration the issuance of the Additional Revenue Bonds
1242 proposed to be issued.

1243 (e) Refunding Bonds. If Additional Revenue Bonds are being issued for
1244 the purpose of refunding less than all previously issued Revenue Bonds which
1245 are then Outstanding, neither of the certifications described in (c) or (d) above
1246 are required so long as the maximum annual Debt Service Requirements in any
1247 Fiscal Year after the issuance of the Additional Revenue Bonds will not exceed
1248 the maximum annual Debt Service Requirements in any Fiscal Year prior to the
1249 issuance of the Additional Revenue Bonds.

1250 (f) Bond Ordinance Requirements. Provision is made in the Revenue
1251 Bond Ordinances authorizing the Additional Revenue Bonds proposed to be
1252 issued for: (1) additional payments into the Debt Service Fund sufficient to
1253 provide for any principal and interest requirements resulting from the issuance
1254 of the Additional Revenue Bonds including, in the event that interest on the
1255 additional series of Revenue Bonds is capitalized and/or to be paid from
1256 investment earnings, a requirement for the transfer from the capitalized interest
1257 fund or account and/or from the construction fund to the Debt Service Fund of
1258 amounts fully sufficient to pay interest on such Additional Revenue Bonds
1259 during the period specified in the Revenue Bond Ordinances; and (2)
1260 satisfaction of the Debt Service Reserve Fund Requirement by not later than the

1261 date required by this Ordinance or any other Revenue Bond Ordinance
1262 authorizing Additional Revenue Bonds.

1263 (g) Special Provisions for Completion Bonds. The provisions of
1264 paragraphs (c) and (d) above shall not apply to the issuance of Completion
1265 Bonds in accordance with Section 6.02.

1266 Section 6.02 **COMPLETION BONDS**. The City reserves the right to
1267 issue one or more series of Revenue Bonds to pay the cost of completing any
1268 Project for which Revenue Bonds have previously been issued.

1269 Prior to the issuance of any series of Completion Bonds the City must
1270 provide, in addition to all of the applicable certificates required by Section 6.01,
1271 the following documents:

1272 (a) a certificate of the consulting engineer engaged by the City to design
1273 the Airport Project for which the Completion Bonds are to be issued
1274 stating that the Airport Project has not materially changed in scope
1275 since the issuance of the most recent series of Revenue Bonds for the
1276 intended purpose (except as permitted in the applicable ordinance
1277 authorizing the Revenue Bonds) and setting forth the aggregate cost of
1278 the Airport Project which, in the opinion of the consulting engineer,
1279 has been or will be incurred; and

1280 (b) a certificate of the Aviation Director: (i) stating that all amounts
1281 allocated to pay costs of the Airport Project from the proceeds of the
1282 most recent series of Revenue Bonds issued in connection with the
1283 Airport Project for which the Completion Bonds are being issued were
1284 used or are still available to be used to pay costs of the Airport
1285 Project; (ii) containing a calculation of the amount by which the
1286 aggregate cost of that Airport Project (furnished in the consulting
1287 engineer's certificate described above) exceeds the sum of the costs of
1288 the Airport Project paid to such date plus the moneys available at such
1289 date within any construction fund or other like account applicable to
1290 the Airport Project plus any other moneys which the Aviation
1291 Director, in his discretion, has determined are available to pay such
1292 costs in any other fund; and (iii) certifying that, in the opinion of the
1293 Aviation Director, the issuance of the Completion Bonds is necessary
1294 to provide funds for the completion of the Airport Project.

1295 For purposes of this Section, the term "Airport Project" means the Airport
1296 or any other Airport System facility or project which shall be defined as an
1297 Airport Project in any ordinance authorizing the issuance of Additional Revenue
1298 Bonds, for the purpose of financing the Airport Project. Any such ordinance
1299 may contain further provisions as the City shall deem appropriate with regard to
1300 the use, completion, modification or abandonment of the Project.

1301 Section 6.03 **SUBORDINATE OBLIGATIONS.** The City reserves the
1302 right to issue or incur, for any lawful Airport System purpose, Subordinate
1303 Obligations and credit agreement obligations related to the Subordinate
1304 Obligations, secured in whole or in part by liens on the Net Revenues that are
1305 junior and subordinate to the lien on Net Revenues securing payment of the
1306 Revenue Bonds. Although referred to in this Ordinance as "Subordinate
1307 Obligations," the Subordinate Obligations may bear any name or designation
1308 provided by ordinance authorizing their issuance or incurrence. The Subordinate
1309 Obligations may be further secured by any other source of payment lawfully
1310 available. Unless expressly provided to the contrary in this Ordinance, no
1311 default with respect to a Subordinate Obligation shall constitute a default under
1312 this Ordinance.

1313 Section 6.04 **SPECIAL FACILITIES BONDS.** The City reserves the
1314 right to issue from time to time, in one or more series, Special Facilities Bonds
1315 as provided in this Ordinance to finance and refinance the cost of any Special
1316 Facilities, including all required reserves, all related costs of issuance and other
1317 reasonably related amounts, provided that Special Facilities Bonds shall be
1318 payable solely from payments by lessees under Special Facilities Leases or other
1319 security not provided by the City. In no event shall Gross Revenues or any other
1320 amounts held in any other fund or account maintained by the City as security for
1321 the Revenue Bonds or for the construction, operation, maintenance, or repair of
1322 the Airport System be pledged to the payment of Special Facilities Bonds.
1323 Unless expressly provided to the contrary in this Ordinance, no default with
1324 respect to a Special Facilities Bond shall constitute a default under this
1325 Ordinance.

1326 Section 6.05 **CREDIT AGREEMENTS.** To the fullest extent permitted
1327 by applicable law, the City expressly reserves the right to enter into Credit
1328 Agreements in connection with any series of Revenue Bonds and to pledge to
1329 and secure the payment of related Credit Agreement Obligations from Net
1330 Revenues and the various funds and accounts established or referred to in this
1331 Ordinance to the extent permitted by this Ordinance, and any of the City's other

1332 ordinances authorizing the issuance of Additional Revenue Bonds and to enter
1333 into credit agreements in connection with any series of Subordinate Obligations.

1334 **ARTICLE SEVEN**

1335 **COVENANTS AND PROVISIONS RELATING TO ALL REVENUE BONDS**

1336 Section 7.01 **PUNCTUAL PAYMENT OF BONDS.** The City
1337 covenants that it will punctually pay, or cause to be paid, the Debt Service on all
1338 Revenue Bonds and Credit Agreement Obligations, according to their terms, and
1339 to pay all Administrative Expenses to the Persons entitled to payment when due,
1340 and will faithfully do and perform, and at all times fully observe, any and all
1341 covenants, undertakings, stipulations and provisions contained in this Ordinance
1342 and in any other ordinance authorizing the issuance of Revenue Bonds.

1343 Section 7.02 **MAINTENANCE OF AIRPORT SYSTEM.** Except as
1344 provided in Section 7.04, the City covenants that it will at all times maintain and
1345 operate the Airport System, or within the limits of its authority cause the Airport
1346 System to be maintained and operated, in good and serviceable condition.

1347 Section 7.03 **LIMITATION ON CITY CHARGES FOR**
1348 **OPERATION AND MAINTENANCE EXPENSES.** The City covenants that
1349 it will not charge the Airport System any amounts for overhead expenses
1350 relating to the administration, operation, and maintenance of the Airport System
1351 except to the extent that the amounts charged are reasonably allocable to the
1352 Airport System based upon a stated policy of allocation, reasonably applied to
1353 the Airport System. All charges imposed by the City upon the Airport System
1354 shall be consistent with all applicable federal laws, regulations, and other
1355 requirements applicable to the Airport System or imposed upon the Airport
1356 System in connection with the acceptance by the Airport System of any federal
1357 grants or aid.

1358 Section 7.04 **SALE OR ENCUMBRANCE OF AIRPORT SYSTEM.**
1359 Except for the use of the Airport System or services pertaining to the Airport
1360 System in the normal course of business, the City covenants that neither all nor a
1361 substantial part of the Airport System will be sold, leased, mortgaged, pledged,
1362 encumbered, alienated, or otherwise disposed of until all Revenue Bonds, Credit
1363 Agreement Obligations and Administrative Expenses have been paid in full, or
1364 unless provision for payment has been made, and the City shall not dispose of its
1365 title to the Airport System or to any useful part of the Airport System, including,
1366 without limitation, any property necessary to the operation and use of the

1367 Airport System, except for the execution of leases, licenses, easements, or other
1368 agreements in connection with the operation of the Airport System by the City,
1369 or in connection with any Special Facilities, except for any pledges of and liens
1370 on revenues derived from the operation and use of all or any part of the Airport
1371 System, or any Special Facilities, for the payment of Revenue Bonds, Credit
1372 Agreement Obligations, Administrative Expenses, Special Facilities Bonds, and
1373 any other obligations pertaining to the Airport System, and except as otherwise
1374 provided in the next two paragraphs.

1375 The City may sell, exchange, lease, or otherwise dispose of, or exclude
1376 from the Airport System, any property constituting a part of the Airport System
1377 which the Aviation Director certifies: (i) to be no longer useful in the
1378 construction or operation of the Airport System; (ii) to be no longer necessary
1379 for the efficient operation of the Airport System; or (iii) to have been replaced
1380 by other property of at least equal value. The net proceeds of the sale or
1381 disposition of any Airport System property (or the fair market value of any
1382 property so excluded) pursuant to this paragraph shall be used for the purpose of
1383 replacing properties at the Airport System, shall be paid into the Capital Fund -
1384 Capital Improvement Account or shall be applied to retire or pay principal of or
1385 interest on Revenue Bonds.

1386 Nothing in this Ordinance prevents any transfer of all or a substantial part
1387 of the Airport System to another body corporate and politic (including, but not
1388 necessarily limited to, a joint action agency or an airport authority) which
1389 assumes the City's obligations under this Ordinance and in any ordinance
1390 authorizing the issuance of Revenue Bonds, in whole or in part, if: (i) in the
1391 written opinion of the Airport Consultant, the ability to meet the rate covenant
1392 and other covenants under this Ordinance and in any ordinance authorizing the
1393 issuance of Revenue Bonds, are not materially and adversely affected; and (ii) in
1394 the written opinion of nationally recognized bond counsel, the transfer and
1395 assumption will not cause the interest on any Revenue Bonds that were issued as
1396 "tax-exempt bonds" within the meaning of the regulations promulgated under
1397 the Code to be includable in gross income of the Owners of the Revenue Bonds
1398 for federal income tax purposes. Following the transfer and assumption, all
1399 references to the City, City officials, City ordinances, City budgetary procedures
1400 and any other officials, actions, powers or characteristics of the City will be
1401 references to the transferee entity and comparable officials, actions, powers or
1402 characteristics of the entity. In the event of any transfer and assumption,
1403 nothing in this Ordinance shall prevent the retention by the City of any facility

1404 of the Airport System if, in the written opinion of the Airport Consultant, the
1405 retention will not materially and adversely affect nor unreasonably restrict the
1406 transferee entity's ability to comply with the requirements of the rate covenant
1407 and the other covenants of this Ordinance and any other Revenue Bond
1408 Ordinance.

1409 Section 7.05 **INSURANCE**. The City covenants and agrees that it will
1410 keep the Airport System insured with insurers of good standing against risks,
1411 accidents or casualties against which and to the extent customarily insured
1412 against by political subdivisions of the State of Texas operating similar
1413 properties, to the extent that the insurance is available; provided, however, that
1414 if any insurance is not commercially available or not available on more
1415 favorable economic terms, the City may elect to be self-insured in whole or in
1416 part against the risk or loss that would otherwise be covered by insurance, in
1417 which case the City will establish reserves for the risk or loss in amounts the
1418 City determines to be appropriate. All net proceeds of property or casualty
1419 insurance shall be applied to repair or replace the insured property that is
1420 damaged or destroyed or to make other capital improvements to the Airport
1421 System or to redeem Revenue Bonds. Proceeds of business interruption
1422 insurance may be credited to the Revenue Fund.

1423 Section 7.06 **ACCOUNTS, RECORDS, AND AUDITS**. The City
1424 covenants and agrees that it will maintain a proper and complete system of
1425 records and accounts pertaining to the Gross Revenues and the operation of the
1426 Airport System in which full, true and proper entries will be made of all
1427 dealings, transactions, business and affairs which in any way affect or pertain to
1428 the Gross Revenues and the Airport System. After the close of each Fiscal Year,
1429 the City shall cause an audit report of the records and accounts described in the
1430 preceding sentence to be prepared by an independent certified public accountant
1431 or independent firm of certified public accountants, which may be part of an
1432 overall audit report of the City and/or other of its enterprise funds. All expenses
1433 of obtaining these reports shall constitute Operation and Maintenance Expenses
1434 of the Airport System.

1435 Section 7.07 **PLEDGE AND ENCUMBRANCE OF REVENUES**. The
1436 City covenants and represents that it has the lawful power to create a lien on and
1437 to pledge the Net Revenues to secure the payment of the Revenue Bonds, the
1438 Credit Agreement Obligations and Administrative Expenses, and has lawfully
1439 exercised this power under the Constitution and laws of the State of Texas,
1440 including specifically the Act. The City further covenants and represents that,

1441 other than to the payment of Operation and Maintenance Expenses, the Revenue
1442 Bonds, the Credit Agreement Obligations and Administrative Expenses, the
1443 Gross Revenues are not and will not be made subject to any other lien, pledge or
1444 encumbrance to secure the payment of any debt or obligation of the City, unless
1445 the lien, pledge or encumbrance is junior and subordinate to the lien and pledge
1446 securing payment of the Revenue Bonds, the Credit Agreement Obligations and
1447 Administrative Expenses.

1448 Section 7.08 **BONDHOLDERS REMEDIES.** This Ordinance is a
1449 contract between the City and the Owners of the Revenue Bonds and the holders
1450 of related Credit Agreement Obligations from time to time outstanding and this
1451 Ordinance shall be and remain irrevocable until the Revenue Bonds, the related
1452 Credit Agreement Obligations and Administrative Expenses shall be fully paid
1453 or discharged or provision for their payment shall have been made as provided
1454 in this Ordinance. In the event of a default in the payment of the Debt Service
1455 on any of the Revenue Bonds or Credit Agreement Obligations or a default in
1456 the performance of any duty or covenant provided by law or in this Ordinance,
1457 the Owner or Owners of any of the Revenue Bonds, and the holders of any
1458 Credit Agreement Obligations and the Persons to whom Administrative
1459 Expenses are owed may pursue all legal remedies afforded by the Constitution
1460 and laws of the State of Texas to compel the City to remedy such default and to
1461 prevent further default or defaults. Without in any way limiting the generality of
1462 the foregoing, it is expressly provided that any Owner of any of the Revenue
1463 Bonds or holder of Credit Agreement Obligations or Person to whom
1464 Administrative Expenses are owed, may at law or in equity, by suit, action,
1465 mandamus, or other proceedings, enforce and compel performance of all duties
1466 required to be performed by the City under this Ordinance, including the making
1467 of reasonably required rates and charges for the use and services of the Airport
1468 System, the deposit of the Gross Revenues into the special funds provided in this
1469 Ordinance, and the application of such Gross Revenues in the manner required
1470 in this Ordinance.

1471 Notwithstanding the provisions of the foregoing paragraph: (i)
1472 acceleration as a remedy is expressly denied; (ii) no grace period for a default in
1473 the performance of any duty or covenant shall exceed 30 days, nor shall any
1474 grace period be extended for more than 60 days without the written consent of
1475 the Bond Insurer (to the extent consent is required); and (iii) no grace period is
1476 permitted with respect to a default in the payment of Debt Service or the
1477 payment of Administrative Expenses when due. For purposes of exercising the

1478 rights of Owners upon the occurrence of an event of default described in the
1479 immediately preceding paragraph, the Bond Insurer shall be deemed to be the
1480 sole holder of the Series 2005 Bonds for the purpose of exercising any voting
1481 right or privilege or giving any consent or direction or taking any other action
1482 that the Owners are entitled to take pursuant to this Ordinance.

1483 Section 7.09 **DISCHARGE BY DEPOSIT.** (a) The City may discharge
1484 its obligation to the Owners of any or all of the Bonds to pay Debt Service, or
1485 any portion of the Debt Service, by depositing with the Paying Agent/Registrar
1486 cash in an amount equal to the Debt Service of the Bonds to the date of maturity
1487 or redemption, or any portion of the Bonds to be discharged, or by depositing
1488 either with the Paying Agent/Registrar or with any national banking association
1489 with capital and surplus in excess of \$100,000,000, pursuant to an escrow or
1490 trust agreement, cash and/or Defeasance Obligations in principal amounts and
1491 maturities and bearing interest at rates sufficient to provide for the timely
1492 payment of Debt Service on the Bonds to the date of maturity or redemption or
1493 any portion thereof to be discharged. Upon such deposit, the Bonds, or any
1494 portion thereof, shall no longer be regarded to be Outstanding or unpaid. In case
1495 any Bonds are to be redeemed on any date prior to their maturity, the City shall
1496 give to the Paying Agent/Registrar irrevocable instructions to give notice of
1497 redemption of Bonds to be so redeemed in the manner required in this
1498 Ordinance. Any determination not to redeem Bonds that is made in conjunction
1499 with the payment arrangements described above shall not be irrevocable,
1500 provided that: (1) in the proceedings providing for the payment arrangements,
1501 the City expressly reserves the right to call the Bonds for redemption; (2) the
1502 City gives notice of the reservation of that right to the owners of the Bonds
1503 immediately following the making of the payment arrangements; and (3) the
1504 City directs that notice of the reservation be included in any redemption notices
1505 that it authorizes.

1506 (b) Prior to the defeasance of the Bonds: (i) a report of an independent
1507 firm of nationally recognized certified public accountants (Accountant)
1508 verifying the sufficiency of the escrow established to pay the Bonds in full on
1509 the respective maturity or redemption date (Verification) will be obtained by the
1510 City; (ii) an escrow agreement will be executed and delivered by the City; and
1511 (iii) an opinion of nationally recognized bond counsel to the effect that the
1512 Bonds are no longer Outstanding under this Ordinance will be obtained by the
1513 City. Each Verification and defeasance opinion shall be acceptable in form and
1514 substance, and addressed, to the City.

1515 Section 7.10 **LEGAL HOLIDAYS.** If any date on which a payment of
1516 Debt Service is due is not a Business Day, then such payment need not be made
1517 on such date but may be made on the next succeeding Business Day with the
1518 same force and effect as if made on the date of scheduled payment of Debt
1519 Service.

1520
1521 **ARTICLE EIGHT**

1522
1523 **CONCERNING THE PAYING AGENT/REGISTRAR**

1524
1525 Section 8.01 **APPOINTMENT OF INITIAL PAYING**
1526 **AGENT/REGISTRAR.** Amegy Bank, a division of ZB, National Association
1527 is appointed to serve as the initial Paying Agent/Registrar for the Bonds.

1528 Section 8.02 **QUALIFICATIONS.** Each Paying Agent/Registrar shall
1529 be a commercial bank or a trust company organized under the laws of the State
1530 of Texas or the United States of America, or any other entity duly qualified and
1531 legally authorized to serve as and perform the duties and services of paying
1532 agent and registrar for the Bonds.

1533 Section 8.03 **MAINTAINING PAYING AGENT/REGISTRAR.** (a)
1534 At all times while any Bond is Outstanding, the City will maintain a Paying
1535 Agent/Registrar that is qualified under Section 8.02. An Authorized Officer is
1536 authorized and directed to execute an agreement with the Paying
1537 Agent/Registrar specifying the duties and responsibilities of the City and the
1538 Paying Agent/Registrar in the substantially final form presented with this
1539 Ordinance.

1540 (b) If the Paying Agent/Registrar resigns or otherwise ceases to serve in
1541 this capacity, the City will promptly appoint a replacement.

1542 Section 8.04 **TERMINATION.** The City may terminate the appointment
1543 of any Paying Agent/Registrar by delivering to the entity whose appointment is
1544 to be terminated written notice, at least 60 days before termination, of such
1545 termination.

1546 Section 8.05 **NOTICE OF CHANGE TO OWNERS.** Promptly upon
1547 each change in the entity serving as Paying Agent/Registrar, the City will cause
1548 notice of the change to be sent to each Owner by first class United States mail,
1549 postage prepaid, at the address in the Register, stating the effective date of the

1550 change and the name and mailing address of the replacement Paying
1551 Agent/Registrar.

1552 Section 8.06 **AGREEMENT TO PERFORM DUTIES AND**
1553 **FUNCTIONS.** By accepting the appointment as Paying Agent/Registrar and
1554 executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is
1555 deemed to have agreed to the provisions of this Ordinance and that it will
1556 perform the prescribed duties and functions of Paying Agent/Registrar. The
1557 Paying Agent/Registrar Agreement presented with this Ordinance is approved
1558 and the Authorized Officers are directed to execute and deliver the Paying
1559 Agent/Registrar Agreement with any changes as may be approved by the
1560 Authorized Officer.

1561 Section 8.07 **DELIVERY OF RECORDS TO SUCCESSOR.** If a
1562 Paying Agent/Registrar is replaced, the Paying Agent/Registrar, promptly upon
1563 the appointment of the successor, will deliver the Register (or a copy) and all
1564 other pertinent books and records relating to the Bonds to the successor Paying
1565 Agent/Registrar.

1566 Section 8.08 **TRUST FUNDS.** All money transferred to the Paying
1567 Agent/Registrar under this Ordinance (except sums representing Paying
1568 Agent/Registrar's fees) shall be held in trust for the benefit of the City, shall be
1569 the property of the City, and shall be disbursed in accordance with this
1570 Ordinance.

1571 Section 8.09 **BONDS PRESENTED.** Subject to the provisions of
1572 Section 8.10, all matured Bonds presented to the Paying Agent/Registrar for
1573 payment shall be paid without the necessity of further instructions from the City.
1574 The Bonds shall be cancelled as provided in this Ordinance.

1575 Section 8.10 **UNCLAIMED FUNDS HELD BY THE PAYING**
1576 **AGENT/REGISTRAR.** Funds held by the Paying Agent/Registrar which
1577 represent principal of and interest on the Bonds remaining unclaimed by the
1578 Owner after the expiration of three years from the date the funds have become
1579 due and payable shall be reported and disposed of by the Paying Agent/Registrar
1580 in accordance with the provisions of Texas law including, to the extent
1581 applicable, Title 6 of the Texas Property Code.

1582 The Paying Agent/Registrar shall have no liability to the Owners of the
1583 Bonds by virtue of actions taken in compliance with this Section.

1584 **ARTICLE NINE**

1585 **ALTERATION OF RIGHTS AND AMENDMENT OF ORDINANCE**

1586
1587 Section 9.01 **ALTERATION OF RIGHTS AND DUTIES.** The rights,
1588 duties, and obligations of the City and the Owners of the Bonds and the holders
1589 of Credit Agreement Obligations related to the Bonds, and Persons to whom
1590 Administrative Expenses are owed, are subject in all respects to all applicable
1591 federal and state laws including, without limitation, the provisions of federal law
1592 regarding the composition of indebtedness of political subdivisions, as the same
1593 now exist or as may be amended in the future.

1594 Section 9.02 **AMENDMENT OF ORDINANCE WITHOUT**
1595 **CONSENT.** The City may, without the consent of or notice to any of the
1596 Owners of the Bonds, amend this Ordinance for any one or more of the
1597 following purposes:

- 1598 (a) to cure any ambiguity, defect, omission or inconsistent provision in
1599 the Revenue Bond Ordinances or in the Revenue Bonds; or to comply
1600 with any applicable provision of law or regulation of Federal
1601 agencies; to obtain a rating on the Revenue Bonds from any Rating
1602 Agency; or to obtain the approving opinion of the Attorney General of
1603 Texas as required by law; provided, however, that such action shall
1604 not adversely affect the interests of the Owners of the Revenue Bonds;
- 1605 (b) to change the terms or provisions of this Ordinance to the extent
1606 necessary to prevent the interest on the Revenue Bonds from being
1607 includable within the gross income of the Owners for federal income
1608 tax purposes;
- 1609 (c) to grant to or confer upon the Owners of the Revenue Bonds any
1610 additional rights, remedies, powers or authority that may lawfully be
1611 granted to or conferred upon the Owners of the Revenue Bonds;
- 1612 (d) to add to the covenants and agreements of the City contained in the
1613 Revenue Bond Ordinances other covenants and agreements of, or
1614 conditions or restrictions upon, the City or to surrender or eliminate
1615 any right or power reserved to or conferred upon the City in this
1616 Ordinance;

- 1617 (e) to amend any provisions of this Ordinance relating to the issuance of
1618 Revenue Bonds and Subordinate Obligations, or the incurrence of and
1619 security for reimbursement obligations in connection with the
1620 issuance of Revenue Bonds and Subordinate Obligations, so long as to
1621 do so does not cause any reduction in any rating assigned to the
1622 Outstanding Revenue Bonds by any nationally recognized rating
1623 agency then rating any series of Revenue Bonds;
- 1624 (f) to subject to the lien and pledge of the Revenue Bond Ordinances
1625 additional Net Revenues which may include revenues, properties or
1626 other collateral; and
- 1627 (g) to amend the provisions of Article Twelve to the extent permitted in
1628 Article Twelve.

1629 Section 9.03 **AMENDMENTS OF ORDINANCE REQUIRING**
1630 **CONSENT.** The City may at any time adopt one or more ordinances amending,
1631 modifying, adding to or eliminating any of the provisions of this Ordinance but,
1632 if the amendment is not of the character described in Section 9.02, only with the
1633 consent given in accordance with Section 9.04 of the Owner or Owners of not
1634 less than 66-2/3% of the aggregate unpaid principal amount of the Revenue
1635 Bonds then Outstanding and affected by the amendment, modification, addition,
1636 or elimination and with the consent of the Bond Insurer (to the extent the
1637 consent is required); provided, however, that nothing in this Section shall permit
1638 (a) an extension of the maturity of the principal of or interest on any Revenue
1639 Bond issued under this Ordinance, or (b) a reduction in the principal amount of
1640 any Revenue Bond or the rate of interest on any Revenue Bond, or (c) a
1641 privilege or priority of any Revenue Bond or Revenue Bonds over any other
1642 Revenue Bond or Revenue Bonds, or (d) a reduction in the percentage of
1643 aggregate principal amount of the Revenue Bonds required for consent to the
1644 amendment.

1645 Section 9.04 **CONSENT OF OWNERS.** Any consent required by
1646 Section 9.03 by any Owner must be in writing, may be in any number of
1647 concurrent writings of similar tenor, and may be signed by the Owner or its duly
1648 authorized attorney. Proof of the execution of any consent or of the writing
1649 appointing any attorney and of the ownership of Revenue Bonds, if made in the
1650 following manner, shall be sufficient for any of the purposes of the Revenue
1651 Bond Ordinances, and shall be conclusive in favor of the City with regard to any

1652 action taken, suffered or omitted to be taken by the City under the instrument,
1653 namely:

1654 (a) The fact and date of the execution by any person of any writing
1655 may be proved by the certificate of any officer in any jurisdiction who by
1656 law has power to take acknowledgments within that jurisdiction that the
1657 person signing the writing acknowledged its execution before him or her, or
1658 by affidavit of any witness to the execution;

1659 (b) The fact of the ownership by any person of any Revenue Bond
1660 and the date of the ownership may be proved by a certificate executed by an
1661 appropriate officer of the Paying Agent/Registrar, stating that on that date
1662 the Revenue Bond was registered in the name of that party in the Register.

1663 In lieu of the foregoing the City may accept any other proof as it finds
1664 appropriate.

1665 Consents required pursuant to Section 9.03 shall be valid only if given
1666 following the giving of notice by or on behalf of the City requesting the consent
1667 and setting forth the substance of the amendment of this Ordinance in respect of
1668 which such consent is sought and stating that copies thereof are available at the
1669 office of the City Clerk for inspection. Such notice shall be given by certified
1670 mail to each Registered Owner of the Revenue Bonds affected at the address
1671 shown on the Register.

1672 Copies of all amendments and supplements to this Ordinance or to any
1673 Related Document shall be sent to Standard & Poor's and Moody's at least 10
1674 days before its effective date.

1675 Section 9.05 **REVOCATION OF CONSENT.** Any consent by any
1676 Owner of a Revenue Bond pursuant to the provisions of this Article shall be
1677 irrevocable for a period of 18 months from the date of mailing of the notice
1678 provided for in this Article, and shall be conclusive and binding upon all future
1679 Owners of the same Revenue Bond and any Revenue Bond delivered on transfer
1680 thereof or in exchange for or replacement of the Revenue Bond during this
1681 period. The consent may be revoked at any time after 18 months from the date
1682 of the first mailing of the notice by the Owner who gave the consent or by a
1683 successor in title, by filing notice with the Paying Agent/Registrar, but the
1684 revocation shall not be effective if the Owners of a majority in aggregate
1685 principal amount of the Revenue Bonds Outstanding as in this Ordinance

1686 defined have, prior to the attempted revocation, consented to and approved the
1687 amendment.

1688 Section 9.06 **CONSENT TO CERTAIN AMENDMENTS GIVEN**
1689 **THROUGH OWNERSHIP OF BONDS.** By acceptance of the Bonds, each
1690 Owner of a Bond: (i) irrevocably and specifically consents to and approves the
1691 amendments described in (1) and (2) below; (ii) irrevocably appoints the
1692 Aviation Director as its true and lawful attorney-in-fact for the limited purpose
1693 of executing the written instrument required by Section 9.04 of this Ordinance to
1694 evidence the Owner's specific consent to and approval of the amendments
1695 described in (1) and (2) below; and (iii) confirms all actions taken by the
1696 Aviation Director as attorney-in-fact for the Owner, it being specifically
1697 provided that the Aviation Director need not consult with, or provide notice to,
1698 an Owner in connection with the actions taken by the Aviation Director under
1699 this Section. The power of attorney granted to the Aviation Director shall be
1700 limited to effecting the below amendments and is irrevocable for so long as any
1701 Bond remains Outstanding.

1702 The amendments are:

1703 (1) Amend Section 6.01(e) of this Ordinance and the Revenue Bond
1704 Ordinances to read:

1705 "Refunding Bonds. If Additional Revenue Bonds are being issued for the
1706 purpose of refunding less than all previously issued Prior Lien Bonds or
1707 Revenue Bonds which are then Outstanding, neither of the certifications
1708 described in (c) or (d) above are required so long as the aggregate Debt Service
1709 Requirements after the issuance of the Additional Revenue Bonds do not exceed
1710 the aggregate Debt Service Requirements prior to the issuance of the Additional
1711 Revenue Bonds; provided, that the annual debt service on the refunding bonds in
1712 any Fiscal Year will not be more than 10% higher than it is in any other Fiscal
1713 Year."

1714 (2) Amend Section 9.03 of this Ordinance and the Revenue Bond
1715 Ordinances by changing the phrase "66-2/3% of the aggregate unpaid principal
1716 amount of the Revenue Bonds then Outstanding" to "a majority of the aggregate
1717 unpaid principal amount of the Revenue Bonds then Outstanding".

1718 The amendment described in clause (1) will become effective once the
1719 City determines that the consent of 66-2/3% of the aggregate unpaid principal
1720 amount of the Revenue Bonds then Outstanding is received, and the amendment

1721 described in clause (2) will become effective once the City determines that the
1722 consent of 100% of the aggregate unpaid principal amount of the Revenue
1723 Bonds then Outstanding is received. Since the Series 2005 Bonds are insured,
1724 the consent of the Insurer will be required to be obtained. Since there are no
1725 Prior Lien Bonds (as defined in the Series 2005 Bond Ordinance) now
1726 Outstanding, the reference to Prior Lien Bonds in clause (1) above is of no force
1727 and effect.

1728 **ARTICLE TEN**

1729 **SALE OF THE BONDS; APPROVAL OF BOND PURCHASE**
1730 **AGREEMENT; APPLICATION OF PROCEEDS OF THE BONDS**

1731 Section 10.01 **SALE OF THE BONDS; BOND PURCHASE**
1732 **AGREEMENT.** The Bonds shall be sold to the Underwriters in accordance
1733 with the terms of this Ordinance and the Bond Purchase Agreement. In the Bond
1734 Purchase Agreement, there shall be a finding made that the sale of the Bonds to
1735 the Underwriters is on terms that are most advantageous to the City reasonably
1736 obtained and, upon the advice of the City's financial advisor, is in the best
1737 interests of the City.
1738

1739 Each Authorized Officer is authorized come to an agreement with the
1740 Underwriters on the following, among other matters:

- 1741 (1) The details of the purchase and sale of the Bonds, including series
1742 designation;
- 1743 (2) The details of the public offering of the Bonds by the
1744 Underwriters;
- 1745 (3) The details of an Official Statement (and, if appropriate, any
1746 Preliminary Official Statement) relating to the Bonds and the
1747 City's compliance with the Rule;
- 1748 (4) A security deposit for the Bonds;
- 1749 (5) The representations and warranties of the City to the Underwriters;
- 1750 (6) The details of the delivery of, and payment for, the Bonds;
- 1751 (7) The Underwriters' obligations under the Bond Purchase
1752 Agreement;
- 1753 (8) The conditions to the obligations of the City and the Underwriters
1754 under the Bond Purchase Agreement;
- 1755 (9) Termination of the Bond Purchase Agreement;
- 1756 (10) Particular covenants of the City;

- 1757 (11) The survival of representations made in the Bond Purchase
1758 Agreement;
1759 (12) The payment of any expenses relating to the Bond Purchase
1760 Agreement;
1761 (13) Notices; and
1762 (14) Any and all such other details that are found by the Authorized
1763 Officer to be necessary and advisable for the purchase and sale of
1764 the Bonds.

1765 The Authorized Officer and other appropriate officers, employees, and
1766 agents of the City shall carry out and comply with the terms and provisions of
1767 the Bond Purchase Agreement. Bonds sold under the Bond Purchase Agreement
1768 may not be sold: (1) in an aggregate principal amount in excess of
1769 \$160,000,000; (2) bearing interest in any maturity in excess of 8.00% per
1770 annum; (3) having a final maturity after November 15, 2047; and (4) unless the
1771 Bonds have a credit rating that would cause the Bonds to be “obligations”, as
1772 defined in Chapter 1371. The authority of an Authorized Officer to execute a
1773 Bond Purchase Agreement expires at 5:00 p.m., Friday, September 29, 2017.

1774 The Mayor and City Clerk of the City may manually or electronically
1775 execute and deliver for and on behalf of the City copies of a Preliminary Official
1776 Statement and Official Statement, prepared in connection with the offering of
1777 the Bonds by the Underwriters, in final form as may be required by the
1778 Underwriters, and the final Official Statement in the form and content as
1779 approved by an Authorized Officer or as manually or electronically executed by
1780 the City officials shall be deemed to be approved by council and constitute the
1781 Official Statement authorized for distribution and use by the Underwriters.

1782 Section 10.02 **APPROVAL, REGISTRATION, AND INITIAL**
1783 **DELIVERY.** The Authorized Officer shall have control and custody of the
1784 Bonds and all necessary records and proceedings pertaining to the Bonds
1785 pending their delivery, and the Authorized Officer and other officers and
1786 employees of the City are instructed to make certifications and to execute
1787 instruments as may be necessary to accomplish the initial delivery of the Initial
1788 Bonds and to assure the investigation, examination, and approval of the Bonds
1789 by the Attorney General of the State of Texas and their registration by the
1790 Comptroller of Public Accounts of the State of Texas. Upon registration of the
1791 Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy
1792 designated in writing to act for her) shall be requested to sign manually the
1793 Comptroller's Registration Certificate set forth in the FORM OF BONDS and

1794 the seal of the Comptroller of Public Accounts of the State of Texas shall be
1795 impressed or printed or lithographed on the Initial Bonds. The Bonds will be
1796 delivered to the Underwriters in accordance with the terms of the Bond Purchase
1797 Agreement.

1798 Section 10.03 **APPLICATION OF PROCEEDS OF THE BONDS.**
1799 On the closing date for the Bonds, proceeds from the sale of the Bonds shall be
1800 applied as set forth in the letter of instructions executed by the City, as follows:

1801 (a) A portion of the proceeds from the sale of the Bonds shall be
1802 deposited to the credit of the Series 2017B (AMT) Project Account within
1803 the Construction Fund and used to pay costs of financing the improvements
1804 to the Airport; and

1805 (b) A portion of the proceeds from the sale of the Bonds shall be
1806 deposited to the credit of the Capitalized Interest Account in an amount
1807 determined in accordance with Section 3.10 of this Ordinance; and

1808 (c) A portion of the proceeds from the sale of the Bonds shall be
1809 deposited to the credit of the Debt Service Reserve Fund in an amount
1810 determined in accordance with Section 3.11 of this Ordinance; and

1811 (d) The balance of the proceeds of the Bonds shall be applied to
1812 pay all costs of issuance of the Bonds, and, to the extent not so used, shall be
1813 deposited into the Debt Service Fund.

1814 Section 10.04 **USE OF PASSENGER FACILITY CHARGES.**
1815 Consistent with the definitions of Debt Service Requirements and Gross
1816 Revenues, the City acknowledges and agrees that debt service with respect to
1817 the Revenue Bonds paid from passenger facility charges is not included in the
1818 calculation of Debt Service Requirements. The City covenants and agrees, for
1819 the benefit of the Owners of the Revenue Bonds, that during each Fiscal Year
1820 the City will set aside from any passenger facility charges imposed by the City
1821 on enplaned passengers the lesser of (i) such passenger facility charges imposed
1822 and collected by the City or (ii) \$4.50 derived from each passenger facility
1823 charge so imposed and collected by the City for the payment of debt service on
1824 the Revenue Bonds in the following Fiscal Year, unless the City receives a
1825 report from an Airport Consultant showing that an alternative use of all or a
1826 portion of the passenger facility charges will not reduce the forecast coverage of
1827 Debt Service Requirements with respect to the Revenue Bonds by forecast Net

1828 Revenues during the following Fiscal Year (or such longer forecast period as
1829 may be covered in the Airport Consultant's Report) to less than 125%.

1830 ***ARTICLE ELEVEN***

1831 ***FEDERAL INCOME TAX COVENANTS***

1832 Section 11.01 **GENERAL TAX COVENANTS.** The City covenants
1833 to take any action to assure, or refrain from any action which would adversely
1834 affect, the treatment of the Bonds as obligations described in section 103 of the
1835 Code, the interest on which is not includable in the "gross income" of the holder
1836 for purposes of federal income taxation. The City covenants as follows:

1837
1838 (a) to take such action or refrain from such action which would
1839 result in the Bonds not being "exempt facility bonds", as defined in section
1840 142(a) of the Code, at least 95 percent of the proceeds of which are used to
1841 provide airport facilities (within the meaning of section 142(a) of the Code);
1842

1843 (b) to take such action to assure at all times while the Bonds remain
1844 outstanding, the facilities, directly or indirectly, financed with the proceeds
1845 thereof will be owned by a governmental unit;
1846

1847 (c) that no part of the facilities, directly or indirectly, financed with
1848 the proceeds of the Bonds will constitute: (A) any lodging facility; (B) any
1849 retail facility (including food or beverage facilities) in excess of a size
1850 necessary to serve passengers and employees at the exempt facility; (C) any
1851 retail facility (other than parking) for passengers or the general public
1852 located outside the exempt facility terminal; (D) any office building for
1853 individuals who are not employees of a governmental unit or of the
1854 operating authority for the exempt facility; (E) any industrial park or
1855 manufacturing facility; or (F) any residential real property for family units;
1856

1857 (d) that the maturity of the Bonds does not exceed 120 percent of
1858 the economic life of the facilities, directly or indirectly, financed with the
1859 proceeds of the Bonds, as more specifically set forth in section 147(b) of the
1860 Code;
1861

1862 (e) that fewer than 25 percent of the proceeds of the Bonds will be
1863 used for the acquisition of land or an interest in such land, unless such land

1864 is acquired for noise abatement or wetland preservation or the future use of
1865 the Airport, and there is no other significant use of such land;

1866
1867 (f) to refrain from using any portion of the proceeds of the Bonds,
1868 directly or indirectly, to acquire or to replace funds which were used,
1869 directly or indirectly, to acquire investment property (as defined in section
1870 148(b)(2) of the Code) which produces a materially higher yield over the
1871 term of the Bonds, other than investment property acquired with:

1872
1873 (1) proceeds of the Bonds invested for a reasonable
1874 temporary period until the proceeds are needed for the purpose for
1875 which the Bonds are issued;

1876 (2) amounts invested in a bona fide debt service fund, within
1877 the meaning of section 1.148-1(b) of the Treasury Regulations; and

1878
1879 (3) amounts deposited in any reasonably required reserve or
1880 replacement fund to the extent such amounts do not exceed 10 percent
1881 of the proceeds of the Bonds;

1882
1883 (g) that any property acquired, directly or indirectly, with the
1884 proceeds of the Bonds was not placed-in-service prior to its acquisition
1885 unless the provisions of section 147(d) of the Code, relating to rehabilitation,
1886 are satisfied;

1887
1888 (h) that the costs of issuance to be financed with the proceeds of the
1889 Bonds do not exceed two percent of the proceeds of the Bonds;

1890
1891 (i) to refrain from taking any action that would result in the Bonds
1892 being "federally guaranteed" within the meaning of section 149(b) of the
1893 Code;

1894
1895 (j) to otherwise restrict the use of the proceeds of the Bonds or
1896 amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the
1897 requirements of section 148 of the Code (relating to arbitrage);

1898
1899 (k) to create and maintain a Rebate Fund, as required below, to pay
1900 to the United States of America at least once during each five-year period
1901 (beginning on the date of delivery of the Bonds) an amount that is at least

1902 equal to 90 percent of the "Excess Earnings", within the meaning of section
1903 148(f) of the Code, and to pay to the United States of America, not later than
1904 60 days after the Bonds have been paid in full, 100 percent of the amount
1905 then required to be paid as a result of Excess Earnings under section 148(f)
1906 of the Code; and

1907 (l) to maintain records that will enable the City to fulfill its
1908 responsibilities under this Section and section 148 of the Code and to retain
1909 the records for at least six years following the final payment of principal and
1910 interest on the Bonds.

1911 The City understands that the term "proceeds" includes "disposition
1912 proceeds" as defined in the Treasury Regulations and, in the case of refunding
1913 bonds, transferred proceeds (if any) and proceeds of the refunded bonds
1914 expended prior to the date of the issuance of the Bonds. It is the understanding
1915 of the City that the covenants contained in this Ordinance are intended to assure
1916 compliance with the Code and any regulations or rulings promulgated by the
1917 U.S. Department of the Treasury pursuant to the Code. In the event that
1918 regulations or rulings are hereafter promulgated which modify or expand
1919 provisions of the Code, as applicable to the Bonds, the City will not be required
1920 to comply with any covenant contained herein to the extent that such failure to
1921 comply, in the opinion of nationally-recognized bond counsel, will not adversely
1922 affect the exemption from federal income taxation of interest on the Bonds
1923 under section 103 of the Code. In the event that regulations or rulings are
1924 hereafter promulgated which impose additional requirements which are
1925 applicable to the Bonds, the City agrees to comply with the additional
1926 requirements to the extent necessary, in the opinion of nationally-recognized
1927 bond counsel, to preserve the exemption from federal income taxation of interest
1928 on the Bonds under section 103 of the Code. In furtherance of the foregoing, the
1929 Mayor, the City Manager, any Assistant City Manager, the Chief Financial
1930 Officer of the City, any Deputy Chief Financial Officer of the City and the City
1931 Treasurer may execute any documents, certificates or other reports required by
1932 the Code and to make such elections, on behalf of the City, which may be
1933 permitted by the Code as are consistent with the purpose for the issuance of the
1934 Bonds.

1936 In order to facilitate compliance with clause (h) above, a "Rebate Fund" is
1937 established and held by the City for the sole benefit of the United States of
1938 America, and such Rebate Fund shall not be subject to the claim of any other

1939 person, including without limitation the Registered Owners of the Bonds. The
1940 Rebate Fund is established for the additional purpose of compliance with section
1941 148 of the Code.

1942
1943 Section 11.02 **DISPOSITON OF PROJECT.** The City covenants that
1944 the property financed or refinanced with the proceeds of the Bonds will not be
1945 sold or otherwise disposed in a transaction resulting in the receipt by the City of
1946 cash or other compensation, unless the City obtains an opinion of nationally-
1947 recognized bond counsel substantially to the effect that such sale or other
1948 disposition will not adversely affect the tax-exempt status of the Bonds. The
1949 portion of the property comprising personal property and disposed of in the
1950 ordinary course of business shall not be treated as a transaction resulting in the
1951 receipt of cash or other compensation. The City shall not be obligated to
1952 comply with this covenant if it obtains an opinion of nationally-recognized bond
1953 counsel to the effect that such failure to comply will not adversely affect the
1954 excludability for federal income tax purposes from gross income of the interest.

1955 Section 11.03 **CONTINUING OBLIGATION.** Notwithstanding any
1956 other provision of this Ordinance, the City's obligations under the covenants and
1957 provisions of this Article Eleven shall survive the defeasance and discharge of
1958 the Bonds.

1959 **ARTICLE TWELVE**

1960 **CONTINUING DISCLOSURE**

1961
1962 Section 12.01 **ANNUAL REPORTS.** The City shall provide annually
1963 to the MSRB, within six months after the end of each Fiscal Year ending in or
1964 after 2017, financial information and operating data with respect to the City of
1965 the general type included in the final Official Statement authorized by Section
1966 10.01 of this Ordinance, being the information described in Section 12.04. Any
1967 financial statements provided shall be prepared in accordance with the
1968 accounting principles described in Section 12.04, or other accounting principles
1969 as the City may be required to employ from time to time pursuant to state law or
1970 regulation, and audited, if the City commissions an audit of the statements and
1971 the audit is completed within twelve months after the end of each fiscal year
1972 ending in or after 2017. If audited financial statements of the City are not
1973 available by the end of the 12 month period, the City will provide notice that the
1974 audited financial statements are not available, and will provide unaudited
1975
1976

1977 financial statements by the end of the 12 month period and audited financial
1978 statements for the applicable fiscal year when and if the audited financial
1979 statements become available.

1980 If the City changes its Fiscal Year, it will notify the MSRB of the change
1981 (and of the date of the new Fiscal Year end) before the next date the City would
1982 be required to provide financial information and operating data pursuant to this
1983 Article. The financial information and operating data to be provided pursuant to
1984 this Article may be set forth in full in one or more documents or may be
1985 included by specific reference to any document (including an official statement
1986 or other offering document), if it is available to the public on the MSRB's
1987 internet website or filed with the SEC. Filings shall be made electronically, in
1988 the format and accompanied by identifying information as prescribed by the
1989 MSRB.

1990 Section 12.02 **DISCLOSURE EVENT NOTICES.** The City shall
1991 provide to the MSRB, in an electronic format as prescribed by the MSRB, in a
1992 timely manner not in excess of ten Business Days after the occurrence of the
1993 event, notice of any of the following events with respect to the Bonds:

- 1994 1. Principal and interest payment delinquencies;
- 1995 2. Non-payment related defaults, if material;
- 1996 3. Unscheduled draws on debt service reserves reflecting financial
1997 difficulties;
- 1998 4. Unscheduled draws on credit enhancements reflecting financial
1999 difficulties;
- 2000 5. Substitution of credit or liquidity providers, or their failure to
2001 perform;
- 2002 6. Adverse tax opinions, the issuance by the Internal Revenue
2003 Service of proposed or final determinations of taxability,
2004 Notices of Proposed Issue (IRS Form 5701-TEB) or other
2005 material notices or determinations with respect to the tax status
2006 of the Bonds, or other material events affecting the tax status of
2007 the Bonds;
- 2008 7. Modifications to rights of holders of the Bonds, if material;
- 2009 8. Bond calls, if material, and tender offers;
- 2010 9. Defeasances;
- 2011 10. Release, substitution, or sale of property securing repayment of
2012 the Bonds, if material;
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11. Rating changes;
 12. Bankruptcy, insolvency, receivership or similar event of the City;
 13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

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The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, notice in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by Section 12.01 of this Ordinance. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

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Section 12.03 LIMITATIONS, DISCLAIMERS, AND AMENDMENTS. The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by Section 12.02 of any Bond calls and any defeasance that cause the City to be no longer an "obligated person."

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The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied,

2051 shall give any benefit or any legal or equitable right, remedy, or claim hereunder
2052 to any other person. The City undertakes to provide only the financial
2053 information, operating data, financial statements, and notices which it has
2054 expressly agreed to provide pursuant to this Article and does not undertake to
2055 provide any other information that may be relevant or material to a complete
2056 presentation of the City's financial results, condition, or prospects or to update
2057 any information provided in accordance with this Article or otherwise, except as
2058 expressly provided in this Ordinance. The City does not make any representation
2059 or warranty concerning such information or its usefulness to a decision to invest
2060 in or sell Bonds at any future date.

2061 **UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE**
2062 **TO THE OWNER OR BENEFICIAL OWNER OF ANY BONDS OR ANY**
2063 **OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES**
2064 **RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE**
2065 **CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART,**
2066 **OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY**
2067 **RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT,**
2068 **FOR OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO**
2069 **AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

2070 No default by the City in observing or performing its obligations under
2071 this Article shall comprise a breach of or default under this Ordinance for
2072 purposes of any other provision of this Ordinance.

2073 Nothing in this Article is intended or shall act to disclaim, waive, or
2074 otherwise limit the duties of the City under federal and state securities laws.

2075 Should the Rule be amended to obligate the City to make filings with or
2076 provide notices to entities other than the MSRB, the City agrees to undertake the
2077 obligation in accordance with the Rule, as amended.

2078 The provisions of this Article may be amended by the City from time to
2079 time to adapt to changed circumstances that arise from a change in legal
2080 requirements, a change in law, or a change in the identity, nature, status, or type
2081 of operations of the City, but only if (1) the provisions of this Article, as so
2082 amended, would have permitted an underwriter to purchase or sell the Bonds in
2083 the primary offering of the Bonds in compliance with the Rule, taking into
2084 account any amendments or interpretations of the Rule to the date of such
2085 amendment, as well as such changed circumstances, and (2) either (a) the
2086 Owners of a majority in aggregate principal amount (or any greater amount

2087 required by any other provision of this Ordinance that authorizes such an
2088 amendment) of the Outstanding Bonds consent to such amendment or (b) a
2089 Person that is unaffiliated with the City (such as nationally recognized bond
2090 counsel) determines that such amendment will not materially impair the interests
2091 of the Owners and beneficial owners of the Bonds. If the City amends the
2092 provisions of this Article, it shall include with any amended financial
2093 information or operating data next provided in accordance with Section 12.01 an
2094 explanation, in narrative form, of the reason for the amendment and of the
2095 impact of any change in the type of financial information or operating data so
2096 provided. The City may also amend or repeal the provisions of this Article if the
2097 SEC amends or repeals the applicable provision of the Rule or a court of final
2098 jurisdiction enters judgment that the provisions of the Rule are invalid, but only
2099 and to the extent that the provisions of this sentence would not prevent an
2100 underwriter from lawfully purchasing or selling Bonds in the primary offering of
2101 the Bonds.

2102 Section 12.04 **DESCRIPTION OF ANNUAL FINANCIAL**
2103 **INFORMATION.**

2104 (a) Annual Financial Information and Operating Data. The financial
2105 information and operating data with respect to the City to be provided annually
2106 pursuant to Section 12.01 of this Ordinance are (i) the portions of the financial
2107 statements of the City appended to the final Official Statement authorized by
2108 Section 10.01 of this Ordinance as Appendix B, but for the most recently
2109 concluded Fiscal Year, and (ii) all quantitative financial information and
2110 operating data with respect to the City of the general type included in the main
2111 text of the final Official Statement authorized by Section 10.01 of this
2112 Ordinance within the numbered Tables 1 through 9 only. As used in this
2113 Article, the term "unaudited financial statements" means the financial statements
2114 and tables that are referenced in the section entitled "CONTINUING
2115 DISCLOSURE OF INFORMATION – Annual Reports" in the final Official
2116 Statement authorized by Section 10.01 of this Ordinance.

2117 (b) Accounting Principles. The accounting principles referred to in
2118 Section 12.01 are the accounting principles described in the notes to the
2119 financial statements referred to clause (a)(i) above, as the principles may be
2120 changed from time to time to comply with State law or regulation.

2121 **ARTICLE THIRTEEN**

2122 **MISCELLANEOUS**

2123 Section 13.01 **FURTHER PROCEDURES.** The Mayor, the City
2124 Manager, the Aviation Director, the Chief Financial Officer, the City Treasurer
2125 and the City Clerk, and other appropriate officials of the City, are authorized and
2126 directed to do any and all things necessary and/or convenient to carry out the
2127 terms of this Ordinance. Council authorizes the City Clerk to designate a person
2128 or persons to carry out her duties under this Ordinance should the City Clerk be
2129 absent and unable to fulfill all or part of her duties under this Ordinance.

2130 Section 13.02 **COMPLIANCE WITH SECTION 2252.908,**
2131 **GOVERNMENT CODE.** The Chief Financial Officer shall confirm that, to
2132 the extent required by Section 2252.908, Texas Government Code, each
2133 contracting party in connection with the issuance of Bonds has made disclosure
2134 filings to the Texas Ethics Commission in accordance with Section 2252.908,
2135 Texas Government Code. Within 30 days of receipt of the disclosure filings
2136 from the contracting party, the City will submit a copy of the disclosure filings
2137 with the Texas Ethics Commission.

2138 Section 13.03 **SEVERABILITY.** If any article, section, paragraph,
2139 clause or provision of this Ordinance shall for any reason be held to be invalid
2140 or unenforceable, the invalidity or unenforceability of the article, section,
2141 paragraph, clause or provision shall not affect any of the remaining provisions of
2142 this Ordinance.

2143 Section 13.04 **EFFECTIVE IMMEDIATELY.** Notwithstanding the
2144 provisions of the City Charter, this Ordinance is effective immediately upon its
2145 adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

2146 Section 13.05 **REPEALER.** All orders, resolutions and ordinances, or
2147 parts inconsistent with this Ordinance are repealed to the extent of such
2148 inconsistency.

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PASSED AND APPROVED this 15th day of December, 2016.

Steve Adler, Mayor

ATTEST:

Jannette S. Goodall, City Clerk

(SEAL)

APPROVED:

Anne L. Morgan, City Attorney

EXHIBIT A
FORM OF BONDS

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas
CITY OF AUSTIN, TEXAS
AIRPORT SYSTEM REVENUE BOND
SERIES 2017B (AMT)

MATURITY DATE INTEREST RATE DELIVERY DATE CUSIP

November 15, ____ ____ %

THE CITY OF AUSTIN, TEXAS (the "City"), in Travis, Williamson and Hays Counties, Texas, for value received, hereby promises to pay to _____ or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

and to pay interest thereon, to the maturity date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on May 15, 2017, and semiannually on each November 15 and May 15 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than May 15, 2017, such interest is payable semiannually on each November 15 and May 15 following such date. Interest on the Bonds shall accrue from the Delivery Date specified above. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Capitalized terms appearing herein that are defined terms in the Ordinance defined below, have the meanings assigned to them in the Ordinance. Reference is made to the Ordinance for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Plano, Texas (the "Designated Payment Transfer Office"), of Amegy Bank, a division of ZB, National Association, as Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment Transfer Office of such successor. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last Business Day of the month next preceding such Interest Payment Date (a "Record Date") by check, dated as of such Interest Payment Date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, on each such Interest Payment Date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Debt Service Fund the amounts required to provide for the payment, in immediately available funds, of all principal of, premium, if any, and interest on the Bonds, when due.

In the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City

or in the city in which the Designated Payment Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof, dated _____, issued in the aggregate principal amount of \$_____ pursuant to the Ordinance. This Bond is one of the Revenue Bonds authorized by the Ordinance and is subject to the terms and provisions thereof. The Ordinance and its terms and provisions are incorporated herein for all purposes.

The Bonds are issued by the City for the purposes of obtaining funds to construct improvements to the City's Austin-Bergstrom Municipal Airport, to fund a reserve fund and capitalized interest for the Bonds, and to pay the City's costs incurred in connection with the issuance of the Bonds.

This Bond and all of the Bonds are special obligations of the City that are equally and ratably payable from and secured by a first lien on and pledge of the "Net Revenues" and by amounts on deposit in certain special funds of the "Airport System" of the City of Austin, Texas. Net Revenues are required to be set aside for and pledged to the payment of the Bonds and certain other outstanding obligations equally and ratably secured on a parity with the Bonds (collectively, the "Revenue Bonds") and "Credit Agreement Obligations" heretofore or hereafter issued or incurred in connection therewith, in the debt service fund and the debt service reserve fund required to be maintained for the payment of all such Revenue Bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and special funds and do not constitute an indebtedness or general obligation of the City.

The City has reserved the right to issue additional obligations on a parity with the outstanding Revenue Bonds and the Bonds and subordinate or inferior obligations, subject to the restrictions contained in the Ordinance, which may be secured by a lien on a parity with, subordinate or inferior to, the lien on the aforesaid Net Revenues securing this Bond and the series of which it is a part.

The Ordinance contains provisions permitting the City to defease the Ordinance and to amend the Ordinance under certain circumstances. Any amendment to the Ordinance shall be binding upon the Owner of this Bond without

endorsement hereon or any reference to such amendment, provided that no amendment shall permit (a) an extension of the maturity of the principal of or the interest on this Bond, or (b) a reduction of the principal amount of this Bond or the rate of interest thereon.

The Bonds maturing on and after November 15, 2027 may be redeemed prior to their stated maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity by lot by the Paying Agent/Registrar), on November 15, 2026 or on any date thereafter, at the redemption price of par plus accrued interest thereon to the redemption date.

The Bonds maturing on November 15 in each of the years 20__ and 20__ are subject to mandatory sinking fund redemption in part (at random in such manner as the Paying Agent/Registrar in its discretion deems proper) on the dates and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the Redemption Date, from sinking fund installments which are required to be made in amounts sufficient to redeem on the dates set forth below the principal amount of such respective Bonds specified below:

<u>Sinking Fund Installments</u>	
<u>Date</u>	<u>Principal Amount (\$)</u>

*Final Maturity

The principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the Issuer, by the principal amount of Term Bonds of like maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class

postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within forty-five days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

It is hereby certified, recited and represented that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that due provision has been made for the payment of the principal of and interest on the Revenue Bonds by granting a first lien on and pledge of the Net Revenues and special funds as provided in the Ordinance; and that the issuance of the Bonds does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond either (i) is registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) is authenticated by the Paying Agent/Registrar by due execution of the authentication certificate manually endorsed hereon. A duly executed certificate of authentication shall be conclusive evidence that this Bond was delivered by the Paying Agent/Registrar under the provisions of the Ordinance.

The owner of this Bond shall never have the right to demand payment of this Bond or the interest thereon out of any funds raised or to be raised by taxation.

IN WITNESS WHEREOF, the City has caused the official seal of the City to be impressed or placed in facsimile hereon and this Bond to be signed by the Mayor and attested by the City Clerk by their manual, lithographed, or printed facsimile signatures.

Jannette S. Goodall
City Clerk, City of Austin, Texas

Steve Adler
Mayor, City of Austin, Texas

[SEAL]

DRAFT

Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

It is hereby certified that this Bond has been issued under the Ordinance as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or portions of a bond or bonds of an issued which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Amegy Bank, a division of ZB, National Association, as Paying Agent/Registrar

Dated:

Form of Comptroller's Registration Certificate

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bonds in lieu of the Certificate of the Paying Agent/Registrar:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§ REGISTER NO. _____
§

I HEREBY CERTIFY THAT this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas

WITNESS MY SIGNATURE AND SEAL OF OFFICE this
_____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

Form of Assignment

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner satisfactory to the Paying Agent/Registrar.

EXHIBIT B

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